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ABSTRACT

The 36-year effort to provide a second chance at labor market success for disadvantaged and dislocated youth and adults was reviewed. The following issues were considered: (1) current legislative proposals; (2) lessons from past employment and training programs; (3) the labor market challenges faced by young adults, older workers, dislocated workers, immigrants, and welfare recipients; (4) employment opportunities and job requirements; (5) requirements for a fourth chance for second-chance programs; (6) initiatives facilitating earning a family-sustaining wage; and (7) needed legislative changes. The data indicated that past efforts have generally experienced modest success for adults but not for youth. The following were among eight recommendations offered for policymakers and program operators: (1) agree at the state and local levels on targets to be achieved by second-chance programs; (2) enlist the cooperation and support of private and public employers to provide subsidized on-the-job training; (3) continue case management relationships until placement targets are achieved; and (4) reconcile pending House and Senate legislation on second-chance programs. (Twenty-seven figures/tables are included. A list of growing

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high-paying occupations accessible to workers with no more than 2 years of postsecondary education and a discussion of the mission of fourth chance legislation are appended. Sixty-five endnotes are included.) (MN)

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A Fourth Chance for Second Chance Programs

Lessons from the Old for the New

JOHNS HOPKINS
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Policy Issues
Monograph 98-01

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January 1, 1998

A FOURTH CHANCE FOR SECOND CHANCE PROGRAMS:

LESSONS FROM THE OLD FOR THE NEW

by

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January 1, 1998

Sar A. Levitan

The Sar Levitan Center for Social Policy Studies at the Johns Hopkins University was organized in 1995 to commemorate and extend the works of Sar A. Levitan, public policy commentator extraordinaire who died in May 1994 after 44 years of selfless public service on the national scene.

Levitan came to Washington in 1950 after military service and completion of his Ph.D. in Economics at Columbia University to serve on the staff of the Korean era Wage Stabilization Board. He remained thereafter with the Legislative Reference Service, researching and enlightening at congressional request issues related to labor relations, employment and economic development. On loan from LRS, he served on the staff of Senator Eugene McCarthy's 1959 Select Committee on Unemployment, in 1960-61 as Deputy Director of the Presidential Railroad Commission and then as advisor to Senator Paul Douglas in the formulation of the Area Redevelopment Act, the start of the Kennedy New Frontier.

Aware that pioneer social policies would need friendly critics to keep their administrators focused, he obtained a grant from the Ford Foundation which the Foundation itself has described as the longest lasting and most productive in its history. For thirty years thereafter, he was to advocate, evaluate, criticize, or praise (wherever and whenever deserved) every significant legislative act, policy and program related to employment, education, training or poverty during those tumultuous years.

Levitan was not satisfied with a 36-page bibliography of books, monographs, articles, congressional testimony and speeches. When cancer ended his life just short of his eightieth birthday, he left the bulk of his life savings to the National Council on Employment Policy, an organization he had helped organize and then singlehandedly perpetuated, charging his closest friends to continue his life's crusade.

The NCEP in turn funded the Sar Levitan Center for Social Policy Studies, which is the sponsor of this publication series.

Therefore to Sar A. Levitan this publication is lovingly dedicated.

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SUMMARY

The 36 year effort to provide a second chance at labor market success for disadvantaged and dislocated youth and adults has experienced modest success for the adults but, in most cases, not for the youth. We can and must do better for all ages.

For youth, success will require following the demonstrated success principles codified in *A Generation of Challenge: Pathways to Success for Urban Youth*, Policy Issues Monograph 97-03 in this series. Its recommendations are included in later pages but are not summarized here.

For adults, the major fault of past and current second chance efforts—mainly the Manpower Development and Training Act, the Comprehensive Employment and Training Act and the Job Training Partnership Act—has been limiting training to occupations which do not command substantial wages and therefore offer only limited earnings in U.S. labor markets. The reasons for that choice have been primarily budgetary. Funding capable of enrolling only a small fraction of those eligible led program operators to concentrate on lowly-paid occupations requiring short training times. Even then, enrollments among the economically disadvantaged were cut nearly in half over a decade. The tendency has been to lift completers of the offered training from deep in the ranks of poverty to its upper edges. The recommended cure begins with each state forecasting its occupational outlook by earnings potential and education and training requirement, something most are already doing to some extent through the Occupational Employment Statistics program. Disadvantaged and dislocated adults seeking a second chance at employability development should be guided competently and compassionately in their choice for preparation from among those occupations promising employment opportunity at a family-sustaining income. Reality dictates that most such candidates will be limited initially to those occupations attainable with no more than two years of postsecondary preparation. However, at least in the current state of prosperity, there are more such jobs than those for which the nation has shown itself willing to offer adequate preparation.

What a family-sustaining income is should be decided upon in the context of local standards and costs of living and existing wage structures. However, the fact should be kept in mind that the current federal poverty threshold would have to be raised by one-third to achieve the same standard of living it represented when the concept was developed in 1964. Annual income targets used as examples herein begin with a placement wage capable of producing an annual income of at least 133 percent of poverty for the average size family and rising over time to 150 percent to 200 percent of poverty as examples of family-sustaining incomes.

After tracing the limitations and outcomes of previous and current programs, exploring the populations at risk and identifying those promising occupations capable of producing the necessary income levels, this monograph describes procedures capable of achieving these demanding objectives. It ends with policy and program recommendations to make this achievement possible. Policymakers and program operators are to:

- Agree at state and local levels upon above-poverty placement targets and family-sustaining self-sufficiency targets to be achieved by second chance programs;
- Identify occupations accessible through education, training and work experience preparation requiring no more than two years of formal postsecondary preparation and offering substantial openings at wages capable of achieving the family income targets;

- Train and have available at each of the emerging one-stop career centers knowledgeable and compassionate case managers capable of consulting with disadvantaged and dislocated adults concerning choice among those training opportunities;

- Enlist the cooperation and support of private and public employers to provide subsidized on-the-job training, apprenticeship and internship opportunities to be intermingled and interspersed with remedial basic education and classroom training activities on the way to the placement targets and thereafter as needed until the family-sustaining target is reached;

- Beyond the choice of training program and achievement of the placement target, continue the case management relationship until the family-sustaining income target has been attained;

- Rely for subsistence of eligible trainees and their families upon the public assistance available from the Temporary Assistance for Needy Families (TANF) program. Assure availability of Pell Grants for those eligible and enrolled in substantial certificate as well as diploma programs. Add the availability of performance bonuses for those who perform competently throughout their case managed programs. Intersperse periods of on-the-job training and paid work experience with periods of classroom training as well as part-time employment by trainees and spouses to make possible extensive training for those not TANF-eligible;

- Recognize that rising to unsubsidized self-sufficiency, while possible for most of the disadvantaged and dislocated, is not possible for everyone. Consistent with a self-reliance objective, provide subsidized public and private earnings opportunities reaching or exceeding the poverty threshold, relying for the present on the remaining income maintenance programs for those not capable of subsidized employment; and

- Design in conference in early 1998 a marriage between the House Employment, Training and Literacy Enhancement Act and the Senate Workforce Investment Partnership Act including provisions to make these policies possible. Reserve current JTPA funding for classroom training and add an equal appropriation to support on-the-job and apprenticeship training. Institute additional state funding to supplement federal funding for the training and development of this component of the workforce.

Now, while jobs are plentiful, labor is in demand and budgets are approaching balance, is the right time for these legislative and administrative initiatives. But if the federal government does not choose to respond, there is nothing advised herein that the states cannot do for themselves—except for appropriating a relatively minor amount of additional federal money.

A FOURTH CHANCE FOR SECOND CHANCE PROGRAMS:

LESSONS FROM THE OLD FOR THE NEW

Four times in a little over one-third of a century, the United States Congress has returned to the drawing board for workforce development legislation: in 1962 with the Manpower Development and Training Act, in 1973 for the Comprehensive Employment and Training Act, in 1982 the Job Training Partnership Act, and, prospectively in 1998, a conferenced marriage between the House-passed Employment, Training and Literacy Enhancement Act and the Senate's proposed Workforce Investment Partnership Act. Each of the earlier acts were, on balance, positive steps forward. The current acts are expected to be combined into one by conference during the spring of 1998. However, the differences between them are at least as great as those between the two predecessors which failed to reach compromise and died in 1996.

Each of the legislative efforts to date had its contemporary motivation, the most recent being a combination of disillusionment with reported JTPA earnings outcomes and a philosophical commitment to devolve as much social policy oversight as possible to state governments. There is still time for substantive changes in the legislation's contents during conference, after which, for better or worse, the states will have to live with the result. It seems useful to identify the major changes proposed, draw lessons from the 36 years of experience with the new law's predecessors, assess the problem populations and the employment opportunities to be matched in the years ahead, recommend changes in the legislation slated to come out of conference, and suggest policies that the states can follow to improve the results for future participants, whether under the new act or as a continuation of present programs. That is the purpose of this monograph.

Chapter One

Current Legislative Proposals

At the closure of the first session of the 105th Congress, the House of Representatives had passed and the Senate had before it for consideration in the Spring of 1998 legislation designed in large part to devolve employment and training responsibility to the states through block grants. The two bills are markedly different in philosophy and content, with the House version being highly prescriptive and the Senate equally permissive, predicting difficulty in reaching conference compromises, assuming eventual Senate passage.

HR 1385. The Employment, Training and Literacy Enhancement Act

HR 1385 declares its intent to "consolidate, coordinate and improve employment training, literacy and vocational rehabilitation programs in the United States." Its stated purpose is "to transform the current array of federal employment, training and adult education and literacy programs from a collection of fragmented and duplicative categorical programs into high quality, coherent, and accountable state and local systems." Those systems are to be designed to provide high quality training, empower individuals to choose occupations and training programs based on accurate and timely information, provide resources and authority to the states and localities to ease access to such programs, enable employers to become more competitive and ensure an adequate return on the investment through strong program accountability. The Job Training Partnership Act, the Adult Education Act, the Wagner-Peyser Act, the Rehabilitation Act of 1973 and a claimed 60 other minor employment, training and literacy programs are combined into three block grants to states and localities. In point of fact, however, the House bill changes remarkably little of the existing system. Consolidation consists of including each of the four major programs in one piece of legislation under the supervision of the governor and local elected officials as well as the renamed councils and boards. However, the act by no means consolidates these programs, their administrative agencies nor their services. The programs remain separate and independent, though the states may consolidate the agencies administering the separate programs, as many are currently doing. The other numerous programs cited for enfoldment into the block grant are minor in both funding and service level significance. Consolidating them will clean up the landscape and should be undertaken but will not, by themselves, make a substantial difference in function or outcome.

The JTPA State Job Training Coordinating Council is renamed as the State Human Resource Investment Council and the local Private Industry Council becomes the Local Workforce Development Board. The membership remains essentially the same except for adding representatives of the state legislature and parents. There is one meaningful difference, however—these boards have planning and advisory jurisdiction over all of the programs to be consolidated, not just JTPA.

Focusing on the four major programs, each Local Workforce Development Board is required to prepare and provide to the governor a three year plan covering all of the programs and the governor is required to submit a similar statewide plan to the federal government. The state plan is to establish and describe long-term statewide goals and benchmarks to measure progress toward those goals. The goals and benchmarks are to be designed to "ensure continuous improvement of the statewide system and make the system relevant and responsive to labor market, skill and literacy needs at the state and local level." The local plans are to guide operations in local workforce development areas which are to be designated by the State Human Resource Development Councils in accordance with identified but permissive criteria and "consistent with labor market areas." The local planners are to establish local goals and benchmarks consistent with and contributing to the accomplishment of the state goals. The legislative language ignores the fact that the existing labor market information systems of most states do not produce much of the information needed for serious human resource development planning, but that lack can be remedied with time, funding and technical assistance. Neither do many states currently have the capacity to identify and analyze the magnitude and character of the labor market problems experienced by state residents, but that lack too can be remedied.

A "full service employment and training delivery system" is to be established in each state to provide the "core services" of outreach, intake, orientation, assessment, labor market information, career counseling, job order taking, job search, job placement, and determination of eligibility for training and other programs. There is to be at least one delivery center from that system in each local workforce development area—apparently what is called in other legislation including the Senate bill a one-stop career center. Operators of such centers are to be competitively chosen from among higher education institutions, local employment service offices, private nonprofit or for-profit organizations, agencies of local government, or other organizations. In pursuit of their local plans, the local boards are to select providers for other services than this "core" from an eligible list provided by the state. Postsecondary educational institutions are to be automatically eligible to provide training services to adults.

Service providers are to be required to submit performance information only on adult programs until program year 2001. That performance information is to include program completion rates, job placements, training-related placements, job retention, earnings, completion of industry-recognized occupational skills, and adequacy of program facilities and services. The levels of performance required to be achieved at the state level are to be negotiated between the governor and the federal agencies based on the state plan benchmarks but in accordance with "common core indicators" prescribed in the legislation. Meeting the cost of this data gathering is not discussed in the legislation. Federal labor standards are to apply to all on-the-job training activities, OJT enrollees are not to replace regular employees and their working conditions and benefits are to equal those of other employees. Performance is to be promoted through federal incentive grants and enhanced through federally-provided technical assistance. The state programs will remain under the oversight of the Comptroller General of the United States and be required to repay any funds improperly used.

Three block grants are specified: one for the training of youth, one for the training of adults and one for adult education. The Vocational Rehabilitation Act of 1973 is kept separate but modified to parallel the block grants. Merger of the JTPA summer youth and year-round youth programs is directed. The disadvantaged adult and dislocated worker programs are ostensibly merged into a single block grant, yet the dislocated worker funds are maintained in a separate funding stream. A "work first" requirement must precede training which can only be made available to those unable to achieve "economic self-sufficiency" without it—a term which remains undefined. States are also required to use a voucher approach, allowing consumer choice in selection of training providers. The governors are told in detail what proportion of the federal funding can be kept at the state level and, in general terms, what can be done with it. The formula for allocation to local areas is also specified in detail. Eligibility for services and the nature of the services to be provided at the local level is likewise specified as are the rules for provision of supportive services. Adult education and literacy are kept administratively separate from skill training as is vocational rehabilitation.

In sum, despite the block grant terminology, the House bill's major contributions are to require the establishment of machinery for joint planning among four related but still distinct major programs. It is up to the states whether to combine the administering agencies.

The youth title seems much less specific than that for adults, but combines priority for school dropouts and the hard-to-serve, yet advocates a focus on "long-term academic and occupational opportunities for disadvantaged youth rather than short-term fixes." The Job Corps remains separate with some greater safeguards against enrollee misconduct.

The Senate Workforce Investment Partnership Act

The Senate bill combines into one piece of legislation the Carl D. Perkins Vocational and Applied Technology Act, the Adult Education and Literacy Act, the Job Training Partnership Act and the Wagner-Peyser Act and specifies linkages with other acts but thereafter leaves them all administratively and financially separated. Vocational and tech-prep education funded under the bill's Title I and adult education and literacy under Title II would continue to have their funding and authority flow from the Secretary of Education to state education agencies and on to local education agencies, applied technology centers and postsecondary education institutions. The current JTPA program would become Title III—Workforce Investment and Related Activities. Services to disadvantaged adults, disadvantaged youth and dislocated workers would all be included in this title, but each target group would have its own separate funding stream. This title is to proceed under the direction of the governor advised by a "statewide partnership" which differs from the current SJTCCs and the House's State Human Resource Investment Council primarily in having two state legislators among its membership. The governor is to submit to the Department of Labor a "comprehensive" three-year state plan outlining a "strategy for the statewide workforce investment system." That plan must describe the state partnership, state-imposed requirements for the workforce investment system and the performance measures to be applied. It must also describe projected employment opportunities in the state, the job skills necessary to obtain those jobs, the economic development needs of the state and the workforce investment activities current in the state.

The act is surprisingly silent upon the need to identify existing labor market problems among state residents and their demographic subgroups and fails to recognize existing deficiencies of state and local labor market information systems. The state is left to determine its own criteria for designating areas for local workforce investment partnerships but the state plan must include those criteria and describe the resultant local structure. Rather than specifying in detail the processes to be followed, the Senate bill requires that the state plan include the state's own proposed measures for assuring cooperation, avoiding duplication, providing fiscal control and eliciting reporting data. Likewise, rather than specifying activities to be undertaken on behalf of youth, disadvantaged and displaced workers, the state plan is to specify the state's intents. Instead of specifically requiring employment and training activities, a rapid response to the needs of displaced workers and the initiation and operation of a "one-stop customer service system," the bill only requires that the means and procedures of such be described. At least 85 percent of federal funds allocated to the state for disadvantaged adults and youth and 75 percent of displaced worker funds are to be passed through to the local partnerships which "may" allocate the funds among various specified activities for the disadvantaged but "shall" allocate them as prescribed for dislocated workers. With gubernatorial approval, a local partnership could reallocate up to 20 percent of the available funds between activities on behalf of the disadvantaged and the dislocated.

Gubernatorial discretion in designating local workforce development areas is limited by the choices of the larger cities and counties. Units of general local government with 500,000 or more population have the right to automatic designation except that counties of that size can request such designation only with the agreement of all political subdivisions of more than 200,000 population. Those political subdivisions of over 200,000 population which are service delivery areas under JTPA have the automatic right "to request designation." Governors of small states may designate them as single state local areas. Once designated, only the governor can approve boundary changes.

Local workforce investment areas are to be overseen by the chief elected official advised by local workforce investment partnerships similar to JTPA's private industry councils except for greater emphasis on the decision-making authority of representatives within their own organizations. These partnerships are to develop and submit local plans, designate one-stop customer service center operators, select eligible providers of training services, set local performance standards, identify local employment opportunities and the skills necessary to obtain them, coordinate workforce investment activities with economic development strategies and assist in the development of a statewide labor market information system. Like the House bill, that of the Senate is generally silent about the desired elements of such a system and the need for additional funding to bolster the capabilities of the existing LMI system.

Without a specific waiver from the governor, a local partnership cannot itself provide training services. Each local partnership is also to establish a subsidiary local youth partnership including representatives of youth service agencies, juvenile justice, public housing, parents and youth experts to plan and oversee youth activities. Each local partnership is to prepare a local three-year plan parallel to the state plan. Youth provisions of the act have been adapted to the principles proposed in a Johns Hopkins University monograph, *A Generation of Challenge*, with which we were affiliated and of which more will be said later.

Legislative language vacillates between "may" and "shall" in directing the designation of a one-stop customer service center operator and the establishment of at least one such one-stop customer service center in each local area. That operator could be an institution of higher education, a local employment service office, a local government agency, a private for-profit or nonprofit entity, a nontraditional secondary school or an area vocational school, but not an elementary school or traditional high school. Governors are to prepare a list of postsecondary education institutions and other eligible providers of training services from among which the local areas are to choose training providers. Classroom training providers are to be required to meet performance criteria set by the state and locality but on-the-job training providers are not. "Core services" including outreach, intake, assessment, case management, counseling, job search training, adult education, job readiness training, skill training, on-the-job training and placement services are to be available but are not compelled. Consumer choice among such services is advocated but vouchers are not mentioned. Subsistence payments are mentioned only for those moving from welfare to work. Needs-based payments are authorized only for dislocated workers who have exhausted their unemployment compensation. Both the House and Senate bills deny simultaneous receipt of Pell Grants by recipients of training assistance, an interesting evidence of bias for academic and against skill training which we advise against later. Youth programs may provide tutoring, instruction leading to high school completion, skill training, summer employment, work experience, community service, leadership development opportunities and adult mentoring. States and local areas are to develop their own performance measures but they must include job placement, retention, and wages for adults and youth, along with secondary completion, job readiness and employment skills for youth. Longitudinal evaluative studies are required but their levels of performance are not specified and no funds are provided for their conduct. Like the House bill, the Senate bill would charge the Job Corps with devising and enforcing selection criteria to exclude troublesome and disruptive youth.

Commentary

The two legislative proposals appear strangely tentative. The Senate version lacks even a statement of purpose and vision for the future workforce development system. Both seem uncertain about the degree of consolidation they prefer. States and localities will likely object to the prescriptiveness of the House requirements. Those who distrust the motivation and competence of state and local practitioners will be disturbed by the permissiveness of the Senate bill. Authors of both bills should be commended for their more demanding evaluation requirements including multi-year tracking and impact studies in every state. At the same time, the costs and technical difficulties of conducting such evaluation studies should be recognized and met. Various disagreements on both similar and different issues in 1995 and 1996 prevented passage of reform legislation. The intentions seem similar enough this time that compromise should be possible. Yet the situation appears ripe for new proposals during the brief intervening period. Our own proposals will be presented at the end of this monograph. But first we will review past experience and pose the economic and demographic challenges the new legislation must confront.

Chapter Two

Looking Back:

Lessons from the Employment and Training Program Past

Ambition has far surpassed available resources throughout the history of what were called manpower development programs during the 1962-72 period, became known as employment and training programs for two decades thereafter, but are now increasingly referred to as workforce development programs. Nevertheless, the contributions of many of these programs have been noteworthy and their experiences offer lessons for those who would attempt to improve outcomes under any new act. The need for better workforce preparation is unquestioned, but the issue here is how best to design and administer remedial programs targeted upon those who have either entered the workforce unprepared or have been displaced from their accustomed employment.

The post- World War II GI Bill added substantially to the quality of the labor force, making job market competition tougher for those who did not keep up. Persistent technological change generally advanced skill requirements from the demand side. In retrospect, the passage of the Manpower Development and Training Act (MDTA) in 1962 and the Vocational Education Act of 1963 could be perceived as part of a growing recognition that a first and second chance at more formal preparation for workforce participation would become increasingly essential to labor market success. In many respects, that need has intensified over the subsequent more than one-third of a century so that, on average, the only workers who maintained the level of their real earnings from the early 1970s to the mid-1990s were those with a four-year college education. Among males, only those with graduate degrees, again on the average, actually experienced real increases in their standards of living (Table 1). Though formal education beyond high school paid off on the average, those who made the wrong choices in fields of study could still find themselves prepared only for jobs which might previously have been held by high school graduates. Young people are reacting the way one would expect to that information. The earnings gap is not shrinking but educational attainment is lengthening so that diminished proportions of each age cohort are victims of it.[1] However, there is no improvement for those who are past the years of educational involvement and there are still too many youth failing to take advantage of the educational opportunities available.

Suffering declines in real earnings but still considerably more likely to be found with incomes above the nation's median earnings were those who attained two-year postsecondary associate degrees or their equivalent, those experiencing more than one year of formal on-the-job training (or mixes of OJT and classroom instruction of equal length) and those attaining supervisory and managerial positions after long work experience. Formal training provided by employers, along with joint union-management sponsored apprenticeship, have been potent sources of wage advantage, though again not always sufficient by themselves to maintain real income. However, only one or two percent of U.S. workers in recent years have entered the workforce through apprenticeship and employers are far more likely to provide formal training to their already college-educated employees than to those who are high school graduates or dropouts. Even postsecondary vocational education was likely to leave one below, though near, the median earnings level. To escape from the bottom half of the earnings distribution with less preparation is becoming a rarity.

The most adequately prepared are at the leading edge of the earnings distribution. But at the rear of the column have been those who have entered the working world underprepared, who were at risk of doing so during adolescence, or have become displaced from

Table 1
Change in Real Hourly Wage by Education, 1973-95
(1995 Dollars)

Year	Less Than High School	High School	Some College	College Degree	Advanced Degree	Less Than Four Years College
Hourly Wage (1995 Dollars)						
1973	10.65	12.17	13.45	17.66	21.52	11.89
1979	10.59	11.86	12.92	16.55	20.34	11.80
1989	8.91	10.79	12.53	16.98	22.07	10.96
1995	8.16	10.46	11.64	17.26	22.81	10.39
Percent Change						
1973–79	-0.6	-2.6	-3.9	-6.3	-5.5	-0.8
1979–89	-15.9	-9.0	-3.1	2.6	8.5	-7.1
1989–95	-8.4	-3.0	-7.1	1.6	3.3	-5.2
1979–95	-23.0	-11.8	-9.9	4.3	12.1	-11.9
Share of Employment (Percent)						
1973	28.5	41.7	15.1	8.8	3.6	85.4
1979	20.1	42.1	19.2	11.0	5.0	81.3
1989	13.7	40.5	22.3	14.0	6.9	76.5

Source: Lawrence Mishel, Jared Bernstein and John Schmitt, *The State of Working America, 1996-97* (Armonk, N.Y.:M.E.Sharpe, 1997), p. 169.

reasonably satisfactory but tenuous positions somewhere up the line. These have been the targets of workforce development throughout all of these years but the programs have never been funded at any level capable of serving more than a small fraction of those eligible. Those programs have made modest but significant contributions to the well-being of most of those who have completed the instruction. But the results have been more likely to lift disadvantaged participants from low in the ranks of poverty to its upper margins than to boost them onto a trajectory toward median incomes. Little more could have been expected, considering the modest resources addressed to each trainee.

Program Experience

Despite dramatic changes in the structure of U.S. labor markets during recent decades, the experience of 36 years of workforce development programs has been remarkably consistent.

Objectives

Within the context of scarce resources, there has been a persistent search for balance among the concerns for disadvantaged adults and youth and dislocated experienced workers. The MDTA legislation of 1962 targeted those displaced by industrial dislocation and technological change, accompanied by minor attention to out-of-school youth, but, after the launching of the "war on poverty" in 1964, dedicated two-thirds of its resources to that cause. The youth portion grew over the years, particularly after the passage of the Youth Employment Demonstration Projects Act in 1977, and then declined in response to discouraging results in the 1990s. Concern with the impacts of international trade kept the dislocation target alive. Globalization, geographical shifts of industry and new technological developments elevated the dislocated worker to separate title status under JTPA in the 1980s and to superior funding compared to disadvantaged adults in the 1990s. Sporadic attempts at welfare reform added single heads of families with children as a new concern, beginning with the Work

Incentive Program (WIN) in the late 1960s, growing under CETA and exploding in the partnership between JTPA and the Job Opportunities and Basic Skills (JOBS) emphasis of the Family Support Act of 1988. That balancing act among all disadvantaged adults, disadvantaged youth, dislocated workers and single family heads can be expected to continue.

Bipartisanship

Employment and training programs profited from bipartisan advocacy during their first quarter century but have suffered from bipartisan criticism since. MDTA was overwhelmingly advocated by both Republicans and Democrats. To liberals in Congress, it meant economic opportunities for the unemployed and the disadvantaged; while to conservatives it meant preparation for the responsibilities of self-reliance. The Comprehensive Employment and Training Act (CETA) initiated in 1973 was very much a bipartisan creation between the Republican Labor Department and the Democratic Congress. MDTA had operated according to a national blueprint, though its training was provided most often by local public vocational schools and its job placements were handled by state employment services. CETA's major innovations were consolidation of several diverse programs into one and the initiation of a local planning and design process. The Reagan administration's first Labor Secretary and Assistant Secretary of Labor for Employment and Training wanted to kill CETA without replacement. The Job Training Partnership Act (JTPA) was substituted for CETA in 1982 through an alliance between the Republican Senate, the Democratic House and the sub rosa involvement of "kitchen cabinet" level Labor Department staff. The final act involved the personal intervention of Republican Senator Orrin Hatch with White House counsel Edwin Meese to get the Labor Secretary overruled. The compromises necessary to save the employment and training program included ending public service employment and subsistence stipends for trainees. Without essentially changing the membership of local governing bodies, the chairing role was shifted from local elected officials to private employers. Governors were promoted from merely overseeing the often rural "balance of state" program to a dominant position in governing the program.

Continuing bipartisanship in a more negative mood included the 1992 amendments to JTPA which sought to alleviate perceptions of "creaming," the Clinton administration's merely changing the name and taking over in 1993 President Bush's Job Training 2000 proposal of 1992, and a series of Republican and Democratic reform proposals made but never acted upon in 1995–96. The latter were precedent to the 1997 legislation already described that once again seeks to combine diverse employment and training programs and further devolve responsibility to the states through federal block grants.

Whether the federal government or the states have the lead role is not the primary issue. What is needed is bipartisan recognition that the overall record of employment and training programs has been, on balance, a moderately positive one which could have been and still can be reinvigorated, though at no little cost, through being brought to consistency with the job demands of current labor markets.

Brevity

Another constant throughout the 35 years has been the brevity of most training durations—a primary cause of limited earnings impact. Among the first amendments to MDTA were successive lengthenings of program authorization to allow longer training times and the availability of remedial basic education to support it. Yet, despite the authorization for up to 104 weeks of training—more than long enough to obtain an associate's degree and even make major inroads on a baccalaureate—the average weeks of training for adults throughout the years until recently has been in the low 20s, while youth typically have averaged no more than one week for each year of their age. During the 1980s, there was a period of flirtation with job search training, a process which, if well done, can speed the return to work but can only help people find jobs commensurate with the skills they already have. But in pursuit of cheaper training, a few days or weeks of job search assistance seemed an easy answer. The reason is obvious: if eligibility exceeds funding 20-fold, local administrators cannot say no to the many in order to provide meaningful training to the few. JTPA added another pressure toward brevity: without subsistence payments, how many of the poor can undertake lengthy training? Yet both occupational choice and training outcomes are influenced by program length. As long as 20 years ago it was demonstrated that those whose CETA classroom training duration was less than 20 weeks experienced only one-sixth the annual earnings gains of those few who trained for more than 40 weeks.[2] But funds have never been adequate for that to become the norm. Today, labor market realities demand that even an academic year equivalent duration of training may have to be substantially lengthened.

"Creaming"

A related constant has been complaints of creaming. Whatever the participant eligibility criteria prescribed by the Congress, the most aggressive and most competent individuals meeting those criteria are the most likely to become aware of the program opportunity and be at the front of the applicant line. Recruiters and program operators are unlikely to reject those eager eligibles in order to beat the bushes for those with more formidable barriers, and the employers who are the ultimate determiners of program success are even less likely to insist that they do so. The issue is perpetual, and Congress has responded from time to time by toughening the requirements as to disadvantagement and employment barriers. But the real cure would have been to increase appropriations so that more of those declared eligible could have been accommodated.

Reinforcing the tendency toward enrollment of the most qualified of the eligible has been the tendency to abandon innovations designed to better enable the system to serve the disadvantaged in order to return constantly to the mainstream. Examples are the abandonment by the Labor Department once it gained total domination under CETA of two major contributions of the Department of Health, Education and Welfare during its dual administration of MDTA. One was the Area Manpower Institutes for the Development of Staff (AMIDS) designed to train state and local vocational training staff to relate effectively to the unfamiliar new disadvantaged training population. Another was the almost but not yet quite total abandonment of the separately administered skills centers designed and operated to serve the disadvantaged population. Many skill center innovations such as open-entry, open exit access and individualized and modularized curricula have been adopted by mainstream institutions. However, the willingness to start with a disadvantaged population from where they are and bring them forward step by step until they can compete in the mainstream has too often been abandoned in favor of merely paying an eligible trainee's tuition to compete with all other enrollees in ongoing vocational or technical education courses.

Current advocacy of training vouchers is one more step along that road. Some displaced but experienced workers may know what they want to learn and where to find it, but many of them need assistance in doing so, and those who do not need such guidance can hardly be classified as disadvantaged. Past evidence on the effectiveness of voucher programs is not promising, and few agencies or practitioners with experience in serving either the disadvantaged or the dislocated advocate unconditional vouchers. Counseling and guidance with considerable handholding are essential to the transition from disadvantagement.

Stipends

Subsistence while in training has been a continuing issue. MDTA began with adult stipends tied to the average levels of unemployment compensation and minor youth stipends for spending money. CETA offered the equivalent of the minimum wage to its enrollees, thereby committing one-half of the available training funds to subsistence and attracting charges that enrollees were becoming program junkies in pursuit of the stipends. Those charges required JTPA's designers to "throw the baby out with the bath water," leaving stipends available only to welfare recipients, often limiting enrollments only to those who had other earners in their families to support them, and contributing to unduly brief training durations.

Outcomes

A consequence of the above decisions has been a constancy of results throughout the 36 years. There was considerable consternation in the early 1990s when Abt's National JTPA Impact Study involving an experimental design evaluation showed adult women profiting substantively, adult men having positive outcomes that, though larger in absolute gains than those of the women, were sometimes too small in comparison to those of a control group to be classified as statistically significant, and out-of-school youth being either no better off or worse off for having enrolled. There were many reasons for protesting the structure of the evaluation and disputing some of the results. Though assignment to treatment and control groups was random within the sites chosen, the sites themselves were not randomly selected because many service delivery areas were unwilling to become involved in the experiment if it meant refusing access to volunteer applicants. The treatment groups in the evaluation were those accepted for training, most of whom subsequently received training but 40 percent of whom did not, while members of the control groups, though not enrolled into JTPA, often received similar services from other programs. Those assigned to the treatment group had an average enrollment duration of only 3.3 months with those in classroom training averaging 5.0 months and those in on-the-job training averaging only 2.0 months.[3] Nevertheless, the adult JTPA assignees earned an average of about $940 more than controls during the second year after leaving the program. Dichotomizing by gender, men in the assignee group experienced a 57 percent earnings increase between their last pre-program year and their first post-program year, but by the time five years had passed, despite another 26 percent increase in annual earnings, their mean earnings advantage over the control group was only $300 to $500 a year, but still persisting. The adult women assignees experienced a 75 percent increase in their earnings in the first year compared to their pre-program experience and another 40 percent increase by the end of the fifth year. At that time the control group's mean earnings was $400 behind theirs. The annual earnings gains for the adult women were statistically significant in every program year whereas the equivalent earnings gains for the men sometimes fell slightly short of significance.

The economic returns for youth were more disturbing. The male out-of-school youth treatment group raised their earnings from $2900 during the year before training to $4600 in the first post-program year and on to $7600 by the fifth year. However, the control group's earnings began at $4800 in the year following the assignment of their counterparts and they experienced higher earnings growth than the assignees during the first three years before falling behind the assignees in the fourth and fifth years to finish at a mean of $6800 in earnings in the fifth year. The median earnings of out-of-school young women assignees rose from $2000 in the year before enrollment to $3300 in the first year and $5400 after five years. However, the control group started at $3400 and finished at $5200, outearning the treatment group in the first two years for a superior aggregate earnings over the entire five years.

Despite some of the weaknesses in the evaluation methodology, many of the results did not surprise old hands in the employment and training game. Adult women had always experienced greater proportionate earnings gains and more consistently positive gains than men throughout the MDTA and CETA experience. Most of them were pursuing full-time employment after being out of or only sporadically in the labor force. The program provided not only training, but a priority access route into jobs. More of the annual earnings increase was generated by steadier employment than from higher wage rates. Most of the men had already been in the labor force and many were often temporarily displaced workers who had fallen under the poverty incomes necessary for disadvantaged eligibility after some period of unemployment. For the latter, even retraining was unlikely to offset the loss of seniority wages. There were also interesting anomalies such as the period in Michigan during the MDTA days when program dropouts did better than program completers because the training was undertaken during a period of automobile factory layoffs and the dropouts were those who were recalled to their former positions.

Similarly, enrolled youth often made less earnings progress than those not enrolled going back to the Neighborhood Youth Corps which paralleled MDTA during the 1960s. Such programs were often described as "aging vats" in which to park the youth until they either went back to school or became old enough to become better employed. There were always some successful youth programs, but they were never run-of-the-mill. Most youth programs have been as much community work experience as skill training programs, though they have become enriched with some basic remedial education in recent years. Average youth enrollment durations have been around 15 weeks throughout the employment and training experience. The average training hours for Title II-C youth were 330 in program year 1995. The touted gains for Job Corps were generated by the minority who remained in residence long enough to make a substantial difference in their conduct as well as their skills, and those economic benefits came more often from post-program employment stability and reduced criminality than real hourly wage increases.

Budgetary Consequences

The drumbeat of publicity about negative evaluations throughout the late 1980s and early 1990s could not but lessen enthusiasm for employment and training programs on behalf of adults and create the conviction that "nothing works" for out-of-school and at-risk youth. Amendments to JTPA in 1992 insisted that enrollees have other identified employment barriers than merely low incomes in order to qualify for JTPA enrollment as disadvantaged and also forbad job search training unaccompanied by skill improvement. But these amendments only indicated the concerns of the friends of employment and training. Greater animosity was demonstrated by the recissions of already appropriated but as yet unspent budgets following the 1994 election (Table 2).

By program year 1997, the total budget for workforce development programs was building back toward its original PY1995 level in nominal terms, though still 2 to 3 percent lower than in PY1994 after

Table 2
Federal Workforce Development Program Budgets, Program Years 1994–97 ($Millions)

Program	PY 1994	Original PY 1995	After Recission	PY 1996	PY 1997
JTPA State Formula Grants	3,367.8	3,577.4	2,973.4	2,481.7	2,927.1
Title II-A Adult Training	988.0	1,054.8	966.8	850.0	895.0
Title II-B Summer Youth	876.7	867.1	867.1	625.0	871.0
Title II-C Year-Round Youth	608.7	598.7	126.7	126.7	126.7
Title III Dislocated Workers	894.4	1,036.8	982.8	880.0	1,034.4
JTPA Federal Programs	1,519.0	1,626.7	1,546.3	1,489.8	1,588.0
Title III Discretionary Grants	223.6	259.2	245.7	220.0	258.6
Native American Programs	64.2	64.1	59.8	52.5	52.5
Migrant Farmworkers Program	85.6	85.7	80.0	69.3	69.3
Job Corps	1,040.5	1,099.5	1,089.5	1,093.9	1,153.5
Other National Activities	105.6	104.6	71.3	54.1	54.1
Community Jobs Older Americans	410.5	410.5	396.0	373.0	463.0
State Programs	90.3	90.3	87.1	82.1	101.9
National Programs	320.2	320.2	308.9	290.9	361.1
Trade Adjustment Act Aid	220.4	274.4	274.4	346.1	324.5
TAA Training and Benefits	206.9	231.0	231.0	279.6	276.1
NAFTA Training and Benefits	13.5	43.4	43.4	66.5	62.7
Vocational Education	1,176.3	1,178.1	1,110.8	1,080.7	1,132.0
Basic State Grants	972.8	972.5	972.5	956.1	1,007.1
Tech Prep Education	104.4	205.3	138.0	100.0	100.1
National and Other	99.4	34.5	34.5	24.6	24.9
Adult Education and Literacy	304.9	302.2	278.9	259.6	354.5
State Programs	254.6	293.4	277.9	250.0	345.3
National and Other	8.8	8.8	1.0	9.6	9.2
Key Workforce Investment	6,080.0	7,017.2	6,860.6	6,723.0	6,945.0
School-to-Work	100.0	250.0	245.0	350.0	400.0
One-Stop Career Centers	50.0	120.0	100.0	110.0	150.0
Goals 2000 Education Reform	105.0	438.5	371.9	340.0	476.0
Pell Grants	5,825.0	6,208.7	6,143.7	4,914.0	5,919.0
JOBS for Welfare Recipients	1,100.0	1,300.0	1,300.0	1,000.0	1,000.0
Total	13,874.0	15,384.3	14,740.4	13,592.5	14,734.1

Source: National Governors Association

accounting for the effects of inflation. However, the reallocation reflected congressional program judgments as well as political pressures. For JTPA, Title II-A funding was still below recission levels, though it was creeping back up from further cuts in PY1996. Funding for Title II-B summer youth programs was above pre-recission levels, the result of considerable lobbying, but probably also reflecting a preference for keeping in-school youth "off the streets" during the summer over attempting to train out-of-school youth through the Title II-C year-round youth program. Funding of Title II-C programs was cut drastically and has remained that way. JTPA Title III and Trade Adjustment Act dislocated worker funds were restored, reflecting the desire to divert opposition to continued efforts to reduce foreign trade barriers. Job Corps experienced modest gains in funding. Other JTPA expenditures declined even further in the years following the PY1995 recissions. Always politically potent older workers got their money back and then some. On the other hand, programs for out-of-school youth, the funding for which was $8.5 billion in 1979 if counted in 1997 dollars, had declined to $1.5 billion by the latter year. The superior political balance of power of secondary over post-secondary vocational education was reflected in which programs recovered and which did not. The general upward trend in "Key Workforce Investment" reflected the greater concern evident for the in-school and mainstream as contrasted with the out-of-school poor. That includes Pell Grants which are accessed for the most part by low-income college students but can be used for job training as well.

The workforce development budget is another reminder of the consistent tendency of the United States to invest less in its human resources than many other OECD countries. The following list compares the total sum of expenditures on public employment services, job skills training, youth programs and subsidized employment for the poor and disabled as a proportion of each nation's gross domestic product. The U.S. expenditure level as a percentage of GDP was only one-fifth of the median value for all OECD nations and ranked last among 19 countries (Table 3).

Table 3
OECD Employability Development Expenditures as a Percentage of Gross Domestic Product

OECD Nation	Percent of GDP
Australia	.75
Austria	.35
Belgium	1.20
Canada	.63
Denmark	1.81
Finland	1.70
France	1.21
Germany	1.32
Ireland	1.47
Italy	.90
Netherlands	1.21
New Zealand	.75
Norway	1.47
Portugal	.84
Spain	.53
Sweden	2.95
Switzerland	.45
United Kingdom	.59
United States	.24
Median	1.20

Source: OECD, Employment Outlook, July 1995, Appendix Table T.

Programmatic Results

The budgetary reactions of the United States Congress did not necessarily reflect what was being accomplished by the programs. Detailed national data on JTPA participants are limited prior to program year 1993 and the most recent national data are for program year 1995. The results are instructive.

JTPA Title II-A Disadvantaged Adults

In the adult Title II-A program, demographic characteristics changed little between program years 1990 and 1995, except that the female proportion grew from 58 to 68 percent, reflecting their superior outcomes as well as the increased emphasis on serving welfare recipients. The proportion of single parents enrolled rose from 34 to 46 percent. High school graduates rose from 49 to 56 percent but those with some post-high school education declined from 24 to 21 percent. Welfare recipients rose from 28 percent in 1990 to 42 percent in 1994 before moderately declining to 41 percent of enrollees in PY95. Those not in the labor force prior to enrollment climbed from 20 percent in 1990 to 35 percent in 1995. Though the 1992 JTPA amendments required that at least 65 percent of enrollees thereafter should have at least one specific barrier to their employability in addition to having a poverty level income, that was true of 87 percent of participants in PY95 with 57 percent having two or more such barriers. For instance, 58 percent were deficient in basic education skills, 35 percent lacked a significant work history (contrasted to 19 percent in 1990), 14 percent (up from 9 percent in 1990) had been previously convicted as public offenders, and long-term AFDC recipiency was up from 12 percent in PY1990 to 16 percent in PY1995.

Funding levels declined, at first in constant dollar terms and then even in nominal dollars, and training costs rose, as a consequence of both less qualified trainees and longer training durations (up from 24 weeks in the late 1980s to 34 weeks in PY1994). As a result, the number of adult enrollees who received JTPA services beyond mere assessment declined from 307,935 in PY1990 to 175,647 in PY1994 and to162,120 in PY95. Despite a perceived worsening of pre-training characteristics among enrollees and the fact that only jobs which provide at least 20 hours of work per week of employment now count as placements, program operators take considerable satisfaction in the fact that they have been able to place two out of three program completers and maintain that employment rate three months after termination (though only 46 percent are still employed by the original employer). Average hourly wages at job placement rose from $6.08 in 1990 to $7.25 in 1995, a pace moderately faster than the rise of inflation as measured by the CPI-U index. As might be expected, the sex, age, race, ethnicity, educational attainment, basic skills, disabilities and welfare status of the enrollees were associated with placement wages in the directions which would be expected. On-the-job training resulted in a higher placement rate, but classroom skill training produced the highest placement wage rate with basic skills and work experience achieving less favorable results in both categories.

The changing mix of services among program alternatives, after diverging in the mid-1980s, has been moving in a promising direction (Table 4). After falling into some disfavor because of its length and cost, classroom training once again predominates. On-the-job training still meets employer resistance and is not often popular among JTPA staff, partly out of concerns over quality but more because of federal audits over allowable expenses. Relatively few adults are lacking in work experience. Job search training is highly useful for the already skilled who are years from their last job search and for those with newly acquired skills, but it often can find only unskilled jobs for the unskilled.

The above results quoted for JTPA Title II-A programs represent national averages, often obscuring a wide range of performance by state. Leaving aside the District of Columbia, which is at the bottom of every list, for Title II-A in program year 1994 the entered employment rate ranged from 79.7 percent in South Dakota to 37.5 percent in New Mexico, the welfare recipient placement rate from 78.4 percent in Montana to 30.5 percent in New Mexico, and the average placement wage from $10.08 in Alaska and $8.45 in New Jersey to $5.81 in West Virginia. Of course, these varying state outcomes are influenced by differential labor market conditions and participant characteristics as well as differences in operational competence and effort. Currently, there is no way to tell how much of the results to attribute to program factors and how much to the improving labor market after recovery from the 1990–91 recession.

Table 4
Types of JTPA Services Provided as Proportions of Total Enrollment, 1982–1995

Service Provided	1982	1987	1991	1994	1995
Classroom Training	48%	34%	44%	59%	61%
Work Experience	29%	8%	6%	5%	6%
On-the-Job Training	12%	24%	15%	14%	9%
Job Search/Other Assistance	11%	34%	35%	22%	24%

Source: Office of Policy and Research, Employment and Training Administration, DOL

However, these placement wages pose a challenging problem as one examines JTPA's past experience and future potential as a weapon against poverty. The federal poverty threshold and the realities of family support require higher incomes and therefore higher earnings to escape poverty as family size increases. But employers pay wages according to the sales value of the product and the productivity of the employee, not in accordance with the employee's family support responsibilities. Table 5 displays substantial variations in weekly earnings of job-placed program terminees by gender and age but not by parental role or number of dependents.

An hourly wage of $7.25—the PY1995 average Title II-A placement wage—would result in a full-time, full-year income of $15,080, approximately the poverty threshold for a family of four. Multiplying the mean weekly wage of the PY1994 terminees by 52 weeks results in an annual income of $13,624, approximately the poverty threshold for a three-person family. Relying on PY1994 data, 41.4 percent of JTPA Title II-A terminees had no dependents at the time of enrollment, 20.9 percent had one dependent, 20.6 percent had two and 17.1 percent had three or more. Those relatively small

Table 5
Mean Weekly Earnings of JTPA Title II-A Terminees Employed at Time of Termination by Gender, Age Subgroup and Family Relationship Status by Number of Dependents, PY 1994

	Total	None	One	Two	Three	Four or More
Gender						
Total	$262	$267	$260	$259	$257	$255
Male	289	280	301	310	307	308
Female	246	249	248	245	242	236
Age Subgroup						
Under 25	248	254	249	242	235	229
25–34	261	268	262	258	254	250
35–44	270	274	265	267	269	268
45–54	272	271	267	283	286	280
55–64	255	254	263	279	234	210
65 and Over	198	195	218	222	240	306
Family Status						
Parent in One-Parent Family	250	258	254	250	246	238
Parent in Two-Parent Family	275	266	277	277	274	274
Other Family Member	261	261	266	258	252	246
Not Family Member	269	268	274	299	264	277

Source: PY94 SPIR data, tabulated by the Center for Labor Market Studies.

family sizes are important to JTPA's antipoverty role because annualizing the gross weekly earnings of those terminees would have brought 75.7 percent above the two-person poverty line, 58.6 percent above the three person poverty line but only 31.0 percent above the four person poverty line.

Considering that only two-thirds of terminees were placed into jobs upon termination, only one out of five Title II-A terminees would have been able to achieve annual earnings at or above the four-person poverty line of $15,141. Probably because of the lack of stipends, JTPA Title II-A has become a successful program for single persons with no one else to support and single parents receiving cash public assistance. Of those PY1994 terminees who were less than 65 years of age, 43.5 percent were parents in one-parent families, 30.0 percent were individuals who were not part of a family, 8.3 percent were non-parent family members and only 18.2 percent were parents in two-parent families.

JTPA Title III Dislocated Adults

It is instructive to compare the participant characteristics and results for Title III dislocated workers to those for disadvantaged adults. Unlike the II-A family sizes cited above, 36.4 percent of Title III terminees were parents in two parent families, 29.4 percent were not members of a family, and 21.5 percent were non-parent family members. Title III terminations fluctuated between 192,647 and 187,938 over the 1991–94 period without notably declining. Males outnumbered females 55 percent to 45 percent. The age distribution was about the same as for the II-A enrollees, but about three-quarters were non-Hispanic whites compared to a little above one-half for those in Title II-A. Only about 10 percent had less than a high school education. About half were high school graduates and 15 percent had college diplomas. By definition, all had been in the labor force with over half making more than $10 an hour at the time of displacement. Nearly half of the dislocated worker enrollees as contrasted with about 10 percent of disadvantaged adults engaged in neither remedial education nor skill training, concerning themselves primarily with job search assistance. However, once entering training, the number of hours spent was about the same for both groups. After dipping below 24 weeks during the 1980s, the average training duration rose to 32 weeks by 1994. Title III terminees experienced a higher job placement rate—64 to 68 percent—and an even higher retention rate—69 to 74 percent—during PY91–PY94. As expected, their placement wages were substantially higher, climbing from $8.46 an hour in PY91 to $10.00 in PY94 and rising by about another 20 cents an hour when subsequently contacted three months later.

Data on most dislocated worker programs reflect the experiences of a population which has predominantly been steadily employed and needs primarily to be restored to that status. Less than a third of Title III program participants were poor or near poor. Since many participants have substantial skills, local project operators have often emphasized short-term, low-cost assistance designed to get them back to work without additional training. Two-thirds of enrollees receive job search assistance, which often lasts no more than a few days. Nevertheless, the proportion receiving some form of retraining fluctuated from 56 percent to 64 percent between program years 1990 and 1994. Title III is currently being subjected for the first time to a rigorous national impact evaluation, data from which is not yet available. However, on the basis of the information at hand, the training seems to have paid off in favorable short-term outcomes. In program year 1994 when 188,000 were enrolled, those trained had a placement rate at termination of 76 percent and a wage recovery rate of 93.6 percent, compared to 63 percent and 86.2 percent respectively for those Title III participants not receiving skill training. Unlike the findings for JTPA Title II-A disadvantaged adults, however, Title III placement rates and placement wages have not been positively correlated with their length of training, being more dependent upon their pre-existing skills. Although a fifth of enrollees had not completed their high school education, a factor perhaps related more to their ages than to their predilections, they have made little use of remedial help—only one in 20 participants receive basic education instruction. Yet 71 percent of all JTPA Title III participants in 1994 and 1995 were placed and 73.4 percent remained employed at a 13 week follow-up. Potential benefits from training were indicated by the fact that 76 percent of those who undertook skill training were employed at completion and at follow-up. However, the superior position of those who did not appear to need retraining was indicated by the fact that their pre-layoff wage had averaged $12.52, their placement wage $10.52 and their follow-up wage $10.76 compared to wages of $11.45, $9.75 and $9.82 respectively for the skill program trainees. The finding that average placement wages were less than pre-displacement wages for both groups is an indication of the inevitable wage losses from displacement for the average dislocated worker and the difficulty of catching up with the gains of job longevity despite additional training. According to one estimate, the average displaced worker loses $80,000 in lifetime earnings and retraining of at least two years duration—equivalent to an associates degree—would be necessary to restore their previous earning power.[4]

JTPA Title II-C Year-Round Youth

Follow-up of terminees from JTPA Title II-C programs is limited, but it is not surprising that JTPA youth programs cannot compete with the placement and wage results of adults. Title II-C year-round youth terminees declined from 257,503 in PY91 to 130,116 in PY95 and continued to decline as funding levels fell. The PY95 Title II-C terminees were composed of a more heavily minority population—only 38 percent non-Hispanic white—and 73 percent were not high school graduates. Still, despite their youth, 20 percent were single parents, 31 percent were welfare recipients and 42 percent had received food stamps. Two-thirds were not in the active labor force and had no significant work history, 71 percent were basic skills deficient, 28 percent were pregnant or parenting youth, and 11 percent were public offenders. Over half were provided with basic education during their enrollment, 28 percent underwent some skill training and 23 percent obtained work experience. Four out of five were involved in the program for no more than 500 hours. Not surprisingly, only 38 percent entered employment upon termination and a little over half attained employability enhancements of some type. Only 2 percent of those previously out of school returned to school, while 15 percent were in school and remained there. Average hourly wages for those entering employment rose from $5.07 in PY91 to $5.81 in PY95, but this only moderately surpassed the rise in the Consumer Price Index over the same period.

Job Corps

In contrast, a willingness to invest substantially and at length in the rehabilitation of severely disadvantaged youth has been the source of over three decades of general plaudits for the Job Corps. Despite its continued high cost per participant, the program remains the least changed survivor of President Lyndon Johnson's Great Society antipoverty efforts. Despite being costly ($15,300 per trainee in 1993 compared to $3,700 for each JTPA youth enrollee), observers across the political spectrum have acknowledged the Job Corps' achievements, resisting ably the Reagan administration's early attempts to cut the program.[5] However, in the harsher atmosphere of the nineties this program too has been subjected to more critical analysis, though it has not yet suffered budget cuts. The program's high costs throughout its history have been primarily attributable to the use of residential facilities to remove severely disadvantaged youth from their presumably debilitating environments. Though some use of Job Corps facilities by nonresidents has emerged in the nineties, they have accounted for less than 10 percent of the enrollees.

The typical Job Corp participant is a poor 18-year-old, minority, high school drop-out who has never had a full time job and who reads at the seventh grade level. The General Accounting Office found that of 63,000 students who left Job Corps in the year ending June 30, 1994, 68 percent had two or more barriers to successful employment, such as not having a high school diploma, lacking basic skills, receiving public assistance and having limited English proficiency.[6] In comparison, that was true of only 39 percent of enrollees in JTPA nonresidential youth programs.

As of 1995, there were 111 Job Corps centers in 46 states providing a total of 43,000 training slots and ranging in capacity from

120 to 2,234 trainees. Thirty centers were classified as conservation centers and were operated by the Departments of Agriculture and Interior. The skills taught there were related to construction and conservation activities which could be learned out of doors in a rural setting and often involved labor union staff in the instruction. The other 81 centers were operated by private corporations and nonprofit organizations and emphasized classroom training. In program year 1993, three-quarters of the entire Job Corps budget was allocated to center operating costs with the remainder spent on contracts for outreach, recruitment, screening and placement services, facilities acquisition and construction, student allowances and related costs. In its 1995 intensive study of six centers, the GAO concluded that 23 percent of the center budgets were spent on residential living expenses, 22 percent on social skills instruction, 22 percent on basic education and job skill training, 21 percent on administration, with the remaining 12 percent covering all other expenses.

Some Job Corps instructional techniques have been praised as models in instructing youth and adults who failed in or were failed by the school system. Its enrollees are 16-24-year-old socially and economically disadvantaged volunteers who apply through various outreach and screening contractors. Training programs are open-entry and self-paced allowing students to enter at any time and progress at their own pace. Each Job Corps center offers basic education, vocational skills training, personal and vocational counseling, health care and recreational activities, as well as room and board. Students can stay as long as two years but the average stay is only eight months with a substantial variance around the mean. Each student receives a base allowance of about $50 a month at the beginning, rising to $80 after six months. Incentive bonuses of between $25 and $80 are awarded for exceptional ratings on performance evaluations. A bonus of $250 can be earned for graduating from high school, achieving a GED, completing vocational training or getting a job. An additional $100 bonus is paid if the job is training related.

The latter issue relates to one of a rising crescendo of complaints about the recent performance of the Job Corps. The GAO study noted that, though 59 percent of Job Corps terminees obtained jobs and another 11 percent continued on to further education, one-half the jobs were low-skill, low-paying jobs unrelated to the training provided. In the six centers studied, 22 percent of students had dropped out before obtaining any significant training, another 40 percent had been engaged in vocational training they had not completed and only 36 percent had completed their vocational programs. Forty percent of center funds, it was lamented, were being spent on those who did not complete their assigned vocational training. However, GAO also found that those who completed their vocational training were five times more likely to obtain a training-related job than those who did not and that training-related jobs paid 25 percent more than the others. A survey of employers found them reasonably well-pleased with their Job Corps hirees; yet those, like most youth, did not tend to stay long, with 30 percent of those who found jobs working less than one month and only 20 percent staying for six months or longer. Forty-five percent quit, 22 percent were fired and 13 percent experienced a layoff .[7]

None of these complaints is surprising to those familiar with Job Corps history and evaluations. The dropout rate has always been high, particularly among the youngest enrollees, a consequence of the combination of the disadvantaged backgrounds of the youth, their distances from home, and the training discipline involved. In recent years there has been growing concern that the discipline has not been tight enough, leading to some unfortunate incidents in the centers and their surrounding communities. The Job Corps economic and social gains have always been attributable to those who stayed long enough to make a difference in their lives . A new national impact evaluation of Job Corps is underway but not scheduled for release until the end of the decade. Meanwhile, as these difficult years have passed without any cut in budget, one could reasonably conclude that Job Corps had reached a level of stability to be envied by other programs.

Shall We Rejoice?

What can one say? Were the JTPA costs cited as $2,165 per adult participant, $2,108 per youth participant, $7,378 per adult entered employment and $4,764 per youth positive termination in program year 1994 a worthwhile investment? First, there are reasons to think that the cost per adult participant is higher and the cost per adult entered employment lower than those official figures.[8] But taking those costs at face value, let us compare the costs to the results. Going in, 50 percent of disadvantaged adults in PY94 had not worked at any time during the previous 26 weeks, 18 percent had earned less than $5.00 an hour, 23 percent $5.00 to $7.49 and only 9 percent $7.50 or more. Coming out, two-thirds were employed and of those 13 percent earned less than $5.00 an hour, 21 percent between $5.00 and $5.99, 31 percent between $6.00 and $7.49, 22 percent between $7.50 and $9.99 and 12 percent $10.00 or more for an average hourly wage of $7.09. But full-time-full-year employment at that average wage would not bring a four-member family to the federal poverty threshold. That phenomenon too has a long history. MDTA and CETA also brought their average participants from deep in poverty to its upper edges. But at least the post-training wages of JTPA's economically disadvantaged enrollees exceeded their pre-training wages, which was not generally true for Title III dislocated workers.

As noted earlier, training duration has always been a major factor influencing training outcomes for disadvantaged adults and Job Corps terminees. A study of classroom training under CETA in the 1970s demonstrated that those whose training duration was less than 20 weeks experienced only one-sixth the earnings gains of those few who trained for more than 40 weeks.[9] It was not surprising, therefore, that during the late 1980s, when the average training duration had shrunk to less than 24 weeks, a comparison between the subsequent earnings of adult JTPA participants (some of whom had not actually received training) and a control group (who had not been enrolled in JTPA but might have been enrolled elsewhere) showed only modest gains for adults and no positive returns for youth whose enrollment was even briefer.[10] That positive relationship between training duration and job placement and retention continues (Table 6), but a training duration longer than the mid-1990s 34-week average will be needed to regain the CETA impacts, given the extended periods of job preparation manifested by the population at large.

Table 6
JTPA Title II-A Placement and Retention Wages by Classroom Training Duration, 1993–94

Training Hours	Percent of Total	Average Hourly Wage at Training Termination	Average Weekly Wage at 13-Week Follow-Up
Up to 480	64.9	$7.13	$273.45
480–639	10.2	7.47	281.65
640–799	6.1	7.50	287.46
800–959	4.3	7.38	274.57
960–1199	4.3	7.63	288.08
1200–1439	3.0	7.88	306.46
1440–1599	2.0	8.01	301.92
1600–1919	2.0	8.14	323.90
1920–2079	0.8	8.22	314.61
2080 and Over	2.6	8.47	329.45
Mean		7.38	284.20

Source: Office of Policy and Research, Employment and Training Administration, Department of Labor.

Unfortunately, only 5.4 percent of the 1993–94 trainees were enrolled for over 1600 hours with which they could average above $8 an hour after completion and placement. Interestingly, the consistent increase in average wages with enrollment duration does not prevail for either on-the-job training or basic education, supporting the view that subsidizing on-the-job training under JTPA buys a job but not necessarily training. Neither does it hold true for Title III, where the degree of convergence of the prior skills and experience of the dislocated worker with labor market need is more often the determining factor. The number of youthful trainees engaged in any long term training under JTPA has been too few to measure the differential results.

Although the existing JTPA law allows local administrators to offer participants a wide variety of services, the summer youth employment program funds primarily work experience. Most enrollees work 32 hours a week at government agencies, schools or community organizations for seven weeks at the federal hourly minimum wage. The law requires local sponsors to assess the reading and math skills of participants and to allocate at least some funding to teaching the "three R's". Both the summer and year-round programs are designed to offer work experience and earnings as an incentive to stay in or return to school, as well as a source of needed income for poor youth and their families. Both programs have been substantially enriched since the critical reports of the early 1990s. About half of the summer youth enrollees receive academic enrichment as well as work experience. Half of the year-round enrollees receive basic skills training and 25 percent receive job skill training, thereby raising the total employability enhancement rate from 39 percent in 1990 to 54 percent in 1994. Unfortunately, there has been little careful evaluation of what is learned, but the limited time spent in either remedial education or work experience could hardly be expected to substantially improve the learning and earning experiences of youth confronting major barriers to employment.

But time as such is not the telling factor. It is what is done in the time allocated. There are successful programs for out-of-school and at-risk youth, but they require more commitment and investment than is generally found in run-of-the-mill JTPA youth programs. The school-to-careers movement has concentrated on the in-school population and largely ignored those already on the outside. Those programs which have demonstrated success with the at-risk and out-of-school youth population have been characterized by at least a year's enrollment duration, integrated combinations of basic education, skill training and on-the-job experience, visible connection to jobs of promise, mentoring by respected adults, opportunities for high profile community service, and the possibilities of further educational advancement upon demonstrated success.[11] These youth have often shared decision-making responsibilities within their programs and gain a greater sense of empowerment than that available through anti-social activities. Such examples include YouthBuild, Quantum Opportunities and CET, as well as Job Corps. There is no reason to expect greater success with lesser commitment.

There is little reason to doubt the worthwhileness of the 36-year investment in remedial skill training for many disadvantaged adults. It could have been done better but much of the available evidence is that the investment in adults has paid off as well as most other human capital investments. James Heckman has estimated that the average mainstream investment in human capital pays off at a rate no greater than 10 percent.[12] Robert LaLonde has reviewed the evaluation literature to conclude that MDTA and CETA, and by implication JTPA, have raised the annual earnings of their participants by an average of $1000 to $2000.[13] Even if the cost per entered employment of $7,368 in program year 1994 is accepted at face value, it would only be necessary to increase the annual earnings of those placed by $737 in perpetuity to equal a rate of return equivalent to that of investment in college education and employer-sponsored training as well as public second-chance programs. The perpetuity is the challenge because the durability of the earnings differential is unknown.

As will be noted in following sections, the struggle is to keep up with the race between education, training and the job market. The ten occupational categories predominating in the training provided participants throughout the history of MDTA, CETA and JTPA have been clerk/typist, secretary or word processor, electronic assembler, machinist, custodian, nurse's aide, salesperson, licensed practical nurse, accounting clerk or bookkeeper, food service worker, and computer operator. These occupations offered a substantial step forward for most enrollees during the 1960s and 1970s. They enjoy little wage advantage today and a number of them are characterized by dwindling employment opportunities as well. Giving a meaningful second labor market chance to a disadvantaged adult in the 1990s and beyond will require both more extensive and more intensive preparation. The key issue is whether we are willing to make the necessary investments to provide a meaningful second chance in job markets requiring persistently extended preparation. The pending workforce development legislation does not provide any resounding affirmative response to this question.

Chapter Three

The Challenges Ahead:

Who Are the Problem Populations in Today's Labor Markets?

Though the concern of policymakers and program operators continues to focus on disadvantaged and dislocated workers, both the demographic characteristics of those populations and the nature of the employment opportunities available to them are rapidly changing, requiring a number of important programmatic changes and responses.

The ongoing debates over the appropriate direction and structure of future training policies for the U.S. ought to be based in part on an assessment of the key human resource problems that will be or should be the focus of employment and training policymakers over the next decade. Each of the following six human resource problems should be addressed by national, state, and local policymakers in their efforts to reformulate workforce training policies for the remainder of this century and beyond:

- Steep deterioration in the real weekly earnings of the nation's youngest (under 25) full-time workers over the past two decades and the continued depressed annual earnings and career prospects for many young men and women with no post-secondary schooling

- Declines in the labor force participation rates and employment rates of older males (45-64), especially those with no substantive postsecondary schooling, and the continued withdrawal of many older males from active labor force participation well before the "normal" retirement age of 65.

- Continued high levels of worker dislocation despite strong job growth and declining unemployment.

- High levels of foreign immigration and the increased reliance of many regions and states on new foreign immigrants for growth in their labor forces.

- Developments in welfare policy at the national and state levels increasing the number of single mothers entering the labor market in search of unsubsidized employment.

- High and rising degrees of wage and earnings inequality among U.S. workers and the absence of sustained real wage growth for many workers.

Each of these merits comment.

The Young Adult Challenge

The labor market problems of young adult workers have received considerable attention from the research community, foundations, and national commissions over the past decade, but few national or state resources have been devoted to new training initiatives to bolster labor market outcomes. A variety of labor market problems continue to beset young adults; however, the most pressing problems are those related to their low real weekly earnings, even from full-time employment, and the low employment rates of out-of-school black men with limited schooling.[14] Between 1973 and 1996, the median real weekly earnings of full-time young adult males (under 25) are estimated to have declined by one-third while those of comparable aged women declined by 15 percent.[15] The relative wage position of young men has declined considerably over the past few decades, declining from 76 percent of the median weekly wages of full-time employed adult men 25 years of age and older to only 51 percent in the mid-1990s. Annual earnings for young men also have fallen quite precipitously, with the relative size of these annual earnings declines being considerably greater for the so-called "forgotten half," those young adults with no formal schooling beyond a high school diploma.

These deteriorations in the relative wages of young adults continued even after demographic developments became more favorable from the early 1980s onward. The number of 18–24-year-olds in the United States fell by nearly 5 million between 1980 and 1990, declining from 30.1 million to 25.3 million or 16.5 percent, reducing their competition with each other and making it easier for the economy to absorb those who sought employment. However, that trend is now reversing itself. A new demographic environment is now being entered, with the absolute number of young adults (18–24) projected to grow by 5.2 million or 21 percent between 1995 and 2010.[16] The rate of growth of the young adult population will outstrip that of all other adult age groups, thereby placing added supply pressures on the young adult labor market.

If present trends continue, 88 percent of these youth can be expected to graduate from high school or obtain a GED certificate, 40 percent will obtain at least two years of postsecondary education and 25 percent will graduate from a four-year college. All of that is positive but it will make competition tougher for those left out. The future young adult population also will contain a larger share of immigrants, race-ethnic minorities, especially Asians and Hispanics, and youth who were raised in below-poverty families. A moderate degree of federal support has been provided for school-to-work programs but it is being spent almost entirely on youth still in school. As noted, the funding for second chance programs for those falling off the education ladder has been declining, with only Job Corps maintaining its size but limited to less than 61,000 terminees each year, a pittance considering the coming deluge.

As already noted, JTPA's past youth record has been abysmal. However, as will be explored more thoroughly later in this monograph, a number of youth programs following sound and known principles have had impressive results. One of those proven principles has been employer connections. Consistent with the school-to-work emphasis, it would be preferable if private sector training efforts could be relied upon more heavily over the next decade to meet the employability needs of the imminent larger cohort of youth. Past research has consistently shown that private sector formal training programs, including apprenticeship, have substantive positive effects on the wages and socialization of employees receiving such training.[17] The challenge is to develop economic incentives for more firms to provide such training to youth, especially those lacking any post-secondary schooling. Findings from the National Longitudinal Survey of Youth for the years 1986–91 revealed that young college graduates were twice as likely to receive formal training from their employers as high school graduates and four times as likely to have done so as high school dropouts.[18] While formal apprenticeship has been widely touted as an effective training mechanism with substantive economic payoffs for workers and productivity payoffs for firms, only 1.5 percent of young adults (21–29 years old) reporting having received such training between 1986 and 1991.[19] Efforts to expand youth apprenticeship training have met with little success in most states, with some exceptions such as those in the state of Wisconsin. We will return later to the issue of marrying public and private efforts in employability development for young adults.

Older Worker Labor Market Problems

At the other end of the age distribution, older workers, particularly poorly educated men, have experienced a number of employment problems during the 1990s that represent in part a continuation of trends over the past two decades.[20] Labor force participation rates of males age 45–64 have continued to decline and for some educational subgroups this problem has been exacerbated by rising relative rates of unemployment. In contrast, older women's participation rates increased steadily over the past two decades. In every single age group from 40 through 69, a lower proportion of men actively participate in the civilian labor force today than was true 20 years ago, despite the fact that older men today are better educated, more literate and healthier than they were 20 years ago. Males have increasingly withdrawn from active labor force participation well before the "normal" retirement age of 65. In early 1996, only 82 of every 100 men in their early 50's were employed, and the employment rate of men declined to 70 percent by their late 50's, and to only 50 percent by age 62.

These declines in the employment rates of older males over the past two decades have varied considerably by educational attainment (Table 7). Among 45–54-year-olds, the employment rate declined by five percentage points; however, the size of these reductions ranged from just under 20 percentage points for those men lacking a high school diploma to 10 percentage points for high school graduates to only 3 percentage points for those holding bachelor or more advanced degrees. Among males 55–59 years of age, the drop in the overall employment rate was 10 percentage points. The size of these declines again varied markedly by educational attainment, ranging from just under 20 percentage points for men lacking a high school diploma to 8 percentage points for those with bachelor or higher degrees.

A number of explanations have been advanced for these declines in the labor force participation rates of men well before what would have been considered the normal retirement years. The reduction in semi-skilled and unskilled blue collar jobs in manufacturing, mining, and other goods-producing industries has reduced the demand for older less-educated males, placing downward pressure on their real wage rates. Lower real wages for less educated older men depress their willingness to actively seek work.[21] Corporate downsizing and restructuring efforts from the late 1970s onward also have contributed to this continued decline in older males' participation rates in recent years. While older workers (50+) were about equally as likely as those under 50 to be displaced from a job in the early 1990s, they have experienced greater difficulties in regaining employment and more often withdraw from active labor force participation after a lengthy spell of joblessness.

Table 7
Trends in the Employment/Population Ratios of 45–54 and 55–59 Year Old Males by Educational Attainment, 1974 to 1996 (in Percent)

Age Group	All	No Diploma	High School Graduate Only	13–15 Years	16 or More Years
45–54					
March 1974	89.7	84.4	91.4	92.4	96.7
Feb/March 1996	84.8	65.3	81.1	88.0	93.5
Absolute Change, 1974 to 1996	-4.9	-19.1	-10.3	-4.4	-3.2
55–59					
March 1974	84.2	79.8	86.9	89.5	90.6
Feb/March 1996	74.4	60.4	74.9	77.5	83.0
Absolute Change, 1974 to 1996	-9.8	-19.4	-12.0	-12.0	-7.6

Source: March 1974 and February/March 1996 CPS Surveys, tabulations by Center for Labor Market Studies, Northeastern University.

The projected outlook for the labor force participation behavior of older males (45–64) through the year 2005 is one of moderate decline for most age groups under the moderate growth scenario of the U.S. Bureau of Labor Statistics.[22] For women in these same age groups, strong growth in participation is projected. The labor force participation rates of all males 45–54, 55–59, and 60–64 are projected to decline by 1.1 to 1.3 percentage points between 1995 and the year 2005. These reductions in participation rates are projected to occur for males in each of the race-ethnic groups (white, black, Hispanic, other), but are expected to be larger in size for black and Hispanic men.[23] Older black males' participation rates will continue to be substantially below those of older white males. Among black men 45–54, only 74 percent are projected to be active in the civilian labor force in the year 2005 versus 90 percent of white men, and only 62 of every 100 black men ages 55-59 are expected to be active in the labor force in the year 2005. All of this is occurring at the very time that salvation of social security and Medicare seems to depend, at least in part, upon raising the retirement age.

A number of the older men not active in the labor force do express a desire for immediate employment and can be brought back into the labor market when opportunities are made available for them. The fraction of older male non-participants desiring jobs does, however, vary by age group, being highest for those in the 45–54 age group. Findings of the March 1995 and March 1996 CPS surveys have revealed that one of every eight 45–54-year-old males not active in the labor force expressed a desire for immediate employment versus six of every 100 men ages 55–64 and only three of every 100 men ages 65–69. Males with some postsecondary schooling are more likely to report a desire for immediate employment than their less-educated counterparts. Human resource policies aimed at attracting this group of older males back into the labor force could boost the participation rates and employment of older men.[24]

The early withdrawals from active labor force participation by growing numbers of older males impose a number of economic and social costs on society. The lost real output from lower levels of employment reduces the potential Gross Domestic Product of the nation and the annual earnings of these men and their families, and increases the tax burden on the public. High fractions of these older men under 62 years of age not active in the labor force are dependent on some form of public cash transfer income to support themselves and their families. For example, of those males 45–54 years of age who were not active in the labor force during March 1996, 65 percent had received some type of cash transfer income in the prior year, with Social Security Disability and Supplemental Security Income for the disabled accounting for the largest share of such transfer incomes.[25] The fraction of these male non-participants depending on cash transfer incomes varied by educational attainment, ranging from a high of 76 percent for those lacking a high school diploma, to 66 percent for high school graduates, to only 48 percent for those with a bachelor's or more advanced degree. The SSI disability program has been the fastest growing cash transfer program of the federal government in the past decade, and, unlike the AFDC program, has continued to increase the number of recipients during the past few years.

The Labor Market Problems of Dislocated Workers

The number of U.S. workers who permanently lost their jobs as a result of plant closings, major reductions in force, or corporate downsizing and restructuring efforts during the 1990s has remained at high levels despite strong job growth since 1992. According to the findings of the Bureau of Labor Statistics' dislocated worker surveys for February 1994 and February 1996, somewhere between 3.0 and 3.1 million workers ages 20+ were permanently displaced from their jobs each year between 1991 and 1995.[26] These high levels of worker displacement are equivalent to a displacement rate of 6 to 7 percent of the civilian labor force over each three-year period.

While not all dislocated workers end up being adversely affected by their displacement—particularly younger and more well-educated workers under 45—there are a number of labor market problems generated by these dislocations. They include lengthy periods of joblessness before re-employment, real wage declines, downward occupational mobility, loss of health insurance and pension coverage, and labor force withdrawals. Re-employment prospects of dislocated workers are associated with their age, educational attainment, and occupational characteristics, and also to general labor market conditions. As employment conditions improved from 1991 onward, re-employment rates of dislocated workers increased. For those dislocated workers with at least three years of tenure on their former jobs, their employment rate at the time of the surveys increased from 65 percent in January 1992 to 68 percent in February 1994 to just under 74 percent in February 1996. Older dislocated workers, however, tend to experience more severe difficulties in regaining employment. Among those 55–64 years old, only slightly more than one-half reported themselves as employed at the time of the past three surveys.

Unemployment rates of dislocated workers also have improved markedly in recent years. Among those dislocated workers with at least three years tenure, unemployment rates fell from nearly 26 percent in January 1992 to 15 percent in February 1996. The dislocated unemployed have, however, accounted for a relatively high share of total unemployment in the nation in the 1990s, especially among the long-term unemployed. For example, at the time of the February 1994 survey, the dislocated unemployed represented 23 percent of all unemployed workers (20+) in the nation. Their share of the unemployed increased sharply with age, rising from 16 percent among those 20–24 years old to a high of 32 percent for those 45–54 years of age.[27] Long spells of unemployment among these older dislocated workers are often followed by withdrawals from active labor force participation, particularly among those 55–64.[28] In February 1994, 26 percent of all dislocated workers 55–64 years old had withdrawn from the labor force. A fairly high fraction of these older workers are no longer actively looking for work but do express a desire for immediate employment. Nearly 36 percent of all inactive 50–62-year-old dislocated workers in February 1994 indicated that they wished to be employed.

The wage position of re-employed dislocated workers tends to vary considerably across all such persons and key demographic subgroups. At the time of the past four dislocated worker surveys, on average 30 percent of all workers who regained full-time employment as a wage and salary worker experienced a weekly earnings decline of

20 percent, or more and about one-half experienced some wage decline.[29] Older workers, who have more years of work experience and job-specific human capital, tend to experience above average weekly wage declines regardless of their years of schooling. Among all re-employed dislocated workers ages 50 and over in February 1994, the mean weekly earnings on their new wage and salary jobs were 25 percent below those of their former jobs.[30] The relative size of these weekly wage declines ranged from 18 percent for those with 12 or fewer years of school to 25 to 33 percent for those with post-secondary schooling. An inability to transfer one's occupational skills to the new job or to find new employment in the same industry as the job from which one was dislocated tend to be associated with higher than average weekly wage declines. In a dynamic economy, adjusting to the impacts of dislocation will be a continuing personal and public policy challenge.

Immigration and the Labor Market in the 1990's

Debates over the economic and social impacts of foreign immigration have become more intense in recent years as immigration levels have increased.[31] Over the past few decades, the United States has become increasingly dependent on new foreign immigrants for growth in its labor force. During the 1970s, new immigrants accounted for only 11 to 12 percent of the net growth in the labor force; however, by the 1980s, new foreign arrivals were responsible for close to 30 percent of the nation's net labor force growth, with their contribution varying considerably by region and state. As native population and labor force growth has slowed considerably in the 1990s, foreign immigrants have come to account for 40 percent of the nation's labor force growth, a phenomenon with advantages and disadvantages.

Increases in the level of foreign immigration in recent years have been accompanied by substantive changes in their national origins and their human capital characteristics, including their educational attainment and their literacy proficiencies.[32] During the 1990s, new foreign immigrants have been over-represented among the ranks of the young (under 25) and those without a high school diploma either here or in their native country. The labor supply effects of new foreign immigration will, thus, be disproportionately felt by younger and less well-educated workers, especially those in major central cities of the northeastern and western regions of the nation. Previous national research has suggested that foreign immigration has depressed the real wages of less-educated workers in the U.S., particularly those lacking a high school diploma, and has likely accounted for 15 to 30 percent of the change in the earnings differentials between less-educated and well-educated (college graduate) workers in the U.S. during the 1980s.[33]

Debates over the nation's immigration policy have been largely inconclusive, with few changes in national legislation with the exception of welfare policy. Little serious attention has been paid by policymakers to the appropriate level and composition of future immigrants and their human capital characteristics. Recent national research has shown that employed male immigrants with 10 years of residency in the U.S. tend to receive economic returns to their literacy, schooling, and work experience that are identical to those of comparable native born American workers.[34] Analyses of the earnings experiences of younger immigrants (under 35) from Mexico, Central America, and South America indicate high returns to English-speaking proficiencies, literacy and numeracy, and formal schooling.[35] These findings have important implications for human resource investment policies toward the immigrant labor force. If continued immigration is found to be desirable, then efforts should be made to guarantee that new immigrants either possess desired human capital traits or be encouraged, if not required, to participate in literacy and education programs as a requirement for citizenship.

Other labor market analysts, including Vernon Briggs of Cornell University, have argued that existing immigration policies have exacerbated problems of unemployment, underemployment, and poverty among race-ethnic minorities and less educated members of the native born population. Briggs has argued that "a substantial human reserve of potential citizen workers already exists. If their human resource development needs were addressed comprehensively, they could provide an ample supply of workers for the labor force needs of the 1990s and beyond."[36]

Here too is a challenge for workforce development programs: how to simultaneously protect the productivity and earning abilities of native workers facing immigrant competition and to assure that the new entrants do not become additions to the poverty population and public charges.

Training and Employing Welfare Recipients

Passage in 1996 of the Personal Responsibility and Work Opportunity Reconciliation Act, which replaces the Aid to Families With Dependent Children (AFDC) and Job Opportunities and Basic Skills (JOBS) programs with a new block grant program to states titled the Temporary Assistance for Needy Families (TANF) block grant, is the firmest step in over thirty years of welfare reform efforts. A considerable number of education, employment, and training programs have been funded by federal and state governments in the past 15 years to boost the employment and earnings of AFDC recipients, and many of these efforts have been carefully evaluated with experimental design evaluations.[37] Many lessons have been learned about the likely size of the impacts that can be expected from alternative interventions; however, a consensus on how to best apply these lessons to future employment and training policy for welfare recipients does not currently exist.

There has been a fairly lengthy policy debate over the best approach to improving labor market prospects for welfare recipients. Some states and local areas have emphasized short-term job search training and work experience programs and immediate job placement programs while others have attempted to provide a more diverse array of human resource services including literacy, formal education, and job training programs—primarily classroom-based occupational training. In the past few years, this debate has centered on the virtues of a "Work First" approach emphasizing immediate job placement versus a "Human Capital" approach focusing on providing education and training services before a participant enters the labor market.[38]

Previous evaluations of these alternative approaches have shown that both low-cost, immediate placement programs and longer-term and costlier training programs (though not basic education programs by themselves) can produce significant earnings impacts for participants that are sufficiently large over a five-year period to offset the net costs of administering the program. The lower-cost, less intensive initiatives also often tend to produce favorable welfare cost savings. The earnings impacts of these lower-cost interventions are primarily attributable to more frequent employment rather than to higher hourly wages of participants, and control group members tend to close the earnings gap over time. Longer-term interventions, including job training, produced more sizable earnings impacts, but they cost more and do not always produce welfare savings commensurate with earnings gains (Baltimore and Maine). Recent findings of a shorter-term (two year) impact evaluation of the Work First and Human Capital approaches reveal that both can produce moderate earnings gains ($500 per year in year two) and reduce welfare costs; however, the welfare and AFDC reduction savings tend to be somewhat larger for the Work First approach. However, the Human Capital approach has been dominated by brief training durations. Longer-term follow-up is clearly needed to determine whether the earnings gains of participants in the two types of programs continue to persist and grow in later years, but the debate will not really be settled until the results of longer duration training is tested as well.

Similar to the findings of CETA and JTPA training programs for adult women, most of the impact evaluations of welfare-to-work programs indicate that the earnings gains of participants are primarily generated by more weeks and hours of employment rather than by higher hourly wages. The ability of future training programs to boost the real wages of welfare recipients would help improve long-term earnings prospects both directly and indirectly via greater economic incentives for more hours of work during the year. Economic analysis of the labor force participation behavior and labor supply behavior of single parents in the U.S. has shown that these behaviors are quite sensitive to the expected market wages of women.[39] Labor supply elasticities with respect to the wage are frequently greater than one. Higher wages would, *ceteris paribus*, increase the expected annual hours of work among these women, thereby raising their cumulative work experience, which also has powerful effects on their annual earnings over the adult work life.

Interviews with welfare recipients have revealed that a market wage between $8 and $9 per hour is frequently cited as the minimum wage needed to make work pay better than welfare.[40] In the United States, the major fiscal vehicle for "making work pay" is the Earned Income Tax Credit which provides sizable tax credits for low-income working parents. Wage subsidies as an explicit policy to stimulate additional work effort among low-income workers have not been tried on any substantial scale in the U.S. The Canadian government, however, has been conducting a major national experiment on earnings subsidies for public assistance recipients that are designed to enhance the work effort, earnings, and disposable incomes of participants over a five-year period.[41] Estimates of early impacts of the program indicate that these earnings subsidies do raise employment rates, particularly full-time employment rates, to a fairly sizable degree and substantially improve the disposable incomes of recipients, but do *not* yet produce net budget savings for the national government. As is true of longer-term training investments for welfare recipients in the U.S., there may be important policy tradeoffs between the goals of raising the disposable incomes of single mothers and reducing the budgetary costs of assisting low-income mothers. Greater knowledge of the nature and terms of these tradeoffs for different subgroups and different settings is clearly needed.

While considerable policy attention and fiscal resources have been devoted to efforts to reduce the AFDC caseloads through employment and training programs, no substantive effort has been made to seek employment and training solutions to the rapidly rising caseloads under the Supplemental Security Income for the Disabled (SSI) program, which provides federal and, in many cases, supplementary state income support for adults found to be temporarily unable to work for physical or mental health reasons. Caseloads for this program have grown dramatically across the nation over the past decade.[42] A high fraction of the adult caseloads consists of poorly educated persons, especially among persons 45–64, who have been adversely affected by demand developments in the low-skill labor market. While a small number of SSI recipients do get served by JTPA programs, no substantive employment and training initiative has been developed for SSI recipients. Our knowledge base on the potential for training programs to improve their employment and earnings prospects is essentially nil.

Real Wage Stagnation and Rising Wage Inequality

Despite strong growth in employment over the past four years and a steep decline in the nation's unemployment rate, real wages of the average wage and salary worker in the U.S. have shown no substantive improvement. There are a number of different wage databases and measures that can be used to track wage developments over time. Three of the most widely cited sources of wage data are the monthly BLS establishment survey, the ES-202 administrative database on the employment and wages of workers covered by existing unemployment insurance programs, and the monthly CPS household survey which collects data on the weekly earnings of a representative sample of wage and salary workers.[43]

The BLS monthly establishment survey collects employer payroll data for production workers in manufacturing industries and non-supervisory workers in other private, nonagricultural industries. During 1996, there were nearly 82 million such jobs in the U.S. economy, accounting for approximately 82 percent of all wage and salary jobs in the nation's private, nonagricultural industries.[44] The payroll data, the data on the number of non-production or non-supervisory workers, and the data on hours of paid employment can be used to calculate the average (mean) hourly and weekly earnings of such workers. The nominal wage data for 1989, 1992, and 1996 were converted into constant 1982–84 dollars using the Consumer Price Index for All Urban Consumers (CPI-U).

During the 1989–92 period, which encompasses the 1990–91 recession and the jobless recovery of 1991–92, the mean real hourly earnings of production workers in the private sector declined from $7.79 to $7.53, a drop of 3.4 percent (Table 8). Over the past four years, the mean real hourly earnings of these workers have remained unchanged, leaving the 1996 average hourly earnings of these workers 3 percent below their 1989 level. Similar findings apply to the mean weekly earnings of production or non-supervisory workers. Following a decline of just under four percent between 1989 and 1992, mean real weekly earnings of production workers have remained unchanged over the past four years.

Table 8:
Trends in the Real Hourly and Weekly Earnings of Production or Non-supervisory Workers in Private U.S. Nonagricultural Industries, 1989–1996 (in Constant 1982–84 Dollars)

Year	Hourly Earnings	Weekly Earnings
1989	$7.79	$269.55
1992	7.53	259.17
1996	7.53	259.15
Percent Change		
1989–96	-3.4%	-3.9%
1992–96	0%	0%

Sources: U.S. Bureau of Labor Statistics, *Employment and Earnings*, March 1997; *Monthly Labor Review*, May 1997.

The ES-202 wage series pertains to all wage and salary workers in the private and public sectors who are covered by the provisions of the federal and state unemployment insurance laws. The payroll data reported by employers under this administrative data system can be used to calculate average (mean) weekly earnings of the workers on their payrolls during the year. Average real weekly earnings of workers were estimated to have risen by a little over 1 percent between 1989 and 1992, but have since remained essentially unchanged (Table 9).

Table 9:
Trends in the Real Average Weekly Earnings of All Wage and Salary Workers Covered by the Federal and State Unemployment Insurance Laws, 1989 to 1996 (in Constant 1982–84 Dollars)

Year	Average Weekly Earnings
1989	$350
1992	355
1996	354
Percent Change	
1989–96	+1.1%
1992–96	-0.3%

Sources: (i) U.S. Bureau of Labor Statistics, *Employment and Wages*, 1994; (ii) U.S. Bureau of Labor Statistics, New England Regional Office.

The CPS weekly earnings data can be used to calculate average weekly earnings for full-time wage and salary workers in both the public and private sectors, including agricultural industries. The *median* rather than the mean is used to represent the average weekly earnings for these workers. For all wage and salary workers, median real weekly earnings are estimated to have declined by approximately 1.5

percent between 1989 and 1992 and by a similar degree between 1992 and 1996 (Table 10). For the seven year period as a whole, median real weekly earnings of men are estimated to have declined by just under 6 percent while those of women rose by nearly 1 percent. Between 1992 and 1996, the median weekly earnings of both groups fell moderately: 1.4 percent for men and 2.2 percent for women.

Table 10:
Trends in the Median Real Weekly Earnings of Full-Time Wage and Salary Workers in the U.S., Total and by Gender (in Constant 1982–84 Dollars)

Year	All	Men	Women
1989	$322	$377	$264
1992	317	360	272
1996	312	355	266
Percent Change			
1989–96	-3.1%	-5.8%	+0.8%
1992–96	-1.6%	-1.4%	-2.2%

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 1990, 1993, 1997.

The above findings on wage developments in the U.S. from three different data sources provide consistent evidence of no growth in the real hourly or weekly earnings of the average wage and salary worker in the U.S. during the past four years. Even if one believed that the existing CPI-U index might provide upward biased estimates of inflation in the 0.3 to 0.4 percent range as suggested by recent BLS experimentation with a modified CPI-U index, one would still conclude that average real wages were still stagnant over the past four years of strong and continuous job growth. This stagnation may be ending with persistently low and falling unemployment rates but there is as yet no indication of reversal of the troubling pattern of earnings inequality which has accompanied it.

During the past decade, growing concerns have been expressed about the rising degree of inequality in the nation's wage and earnings distribution. While inequality in the wage distribution can be measured in a number of different ways, there has been a recent tendency to utilize the relative size of the wage differences of workers at various points along a wage or earnings distribution including the 10th, 50th, and 90th percentiles.[45] Findings on trends in the degree of inequality in the weekly wages of full-time employed men and women in the U.S. for selected years over the 1973–1996 period are displayed in Table 11 along with a set of accompanying bar charts (Figures 1–3).

Among full-time employed males, wage inequality has risen fairly considerably across the entire distribution since the early 1970s. The relative wage gap between the top and middle of the male wage distribution has widened as has the gap between the middle and bottom of the distribution. The most sizable increases in wage differentials among men were those between the top and bottom of the wage distribution. In 1973, male wage earners at the 90th percentile obtained weekly earnings that were 3.25 times as high as those of workers at the 10th percentile. By 1996, the relative wage differential between these same two groups had risen to 4.65 times, with the bulk of the increase taking place during the decade of the 1980s.[46] The degree of wage inequality between the top and bottom of the male wage distribution has continued to widen during the 1990s while there has been no further rise in inequality between those in the middle and bottom of the distribution.

A substantial rise in wage inequality also has taken place among full-time employed women since the end of the 1970s. Comparing the situation in 1973 with that in 1996, we can observe a rise in wage inequality across the entire distribution; however, as was the case with men, the rise in inequality was most substantial between those at the top (90th percentile) and the bottom (10th percentile) of the wage distribution. Between 1979 and 1996, the relative amount of wage inequality between these two groups increased by 50 percent, with the bulk of this increase taking place in the 1980s. Wage inequality among women appears to have declined moderately over the past two years.[47]

Table 11: Trends in the Relative Weekly Wages of Full-Time Male and Female Wage and Salary Workers in the U.S., Selected Years 1973 to 1996

Year	Men			Women		
	(A) W90/ W50	(B) W50/ W10	(C) W90/ W10	(A) W90/ W50	(B) W50/ W10	(C) W90/ W10
1973(1)	1.79	1.82	3.25	1.75	1.66	2.91
1979(2)	—	—	3.42	—	—	2.61
1989(3)	2.02	2.16	4.36	1.98	1.88	3.72
1994(3)	2.06	2.14	4.43	2.07	1.98	4.10
1996(4)	2.20	2.11	4.65	2.05	1.92	3.93

Notes: (1)Data are from the May 1973 CPS survey, supplement on wages and salaries. (2) Data are from the Richard Freeman and Lawrence Katz article in *Working Under Different Rules.* Wage measures are slightly different than those for other years. (3) Data are from the March and October CPS surveys of each year. (4) Data are from the February and March CPS surveys for 1996.

All of these issues represent the challenges workforce development programs must confront in the years ahead. Now what of the job market within which solutions to those problems must be found? What are and will be the available set of employment opportunities and what are their entry requirements which workforce development programs might supply?

Figure 1
Trends in Relative Weekly Earnings of Full-time Wage and Salary Workers (W90/W50) by Gender, U.S., 1973, 1989, 1994, 1996

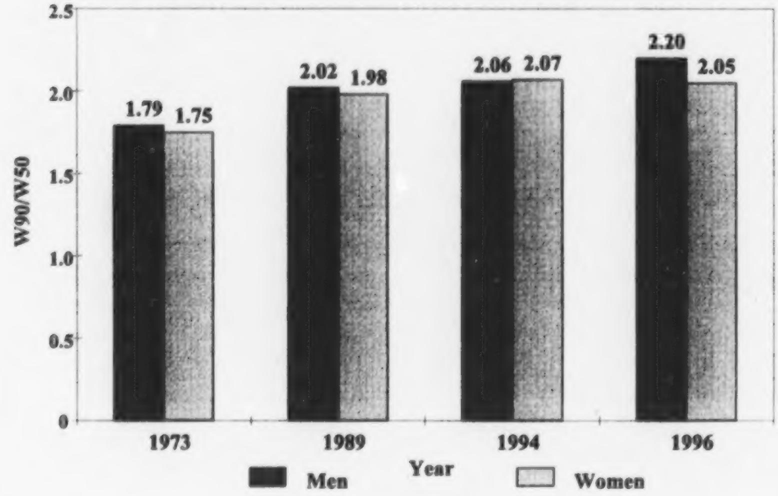


Figure 2
Trends in Relative Weekly Earnings of Full-Time Wage and Salary Workers (W50/W10), by Gender, U.S., 1973, 1989, 1994, 1996

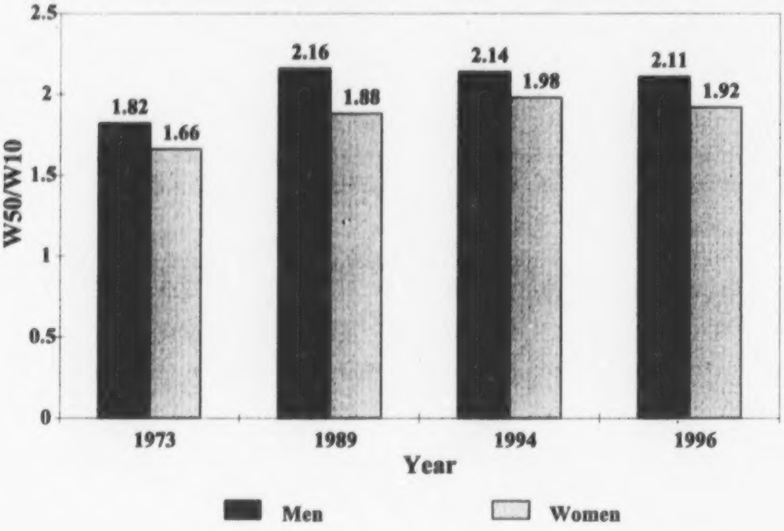
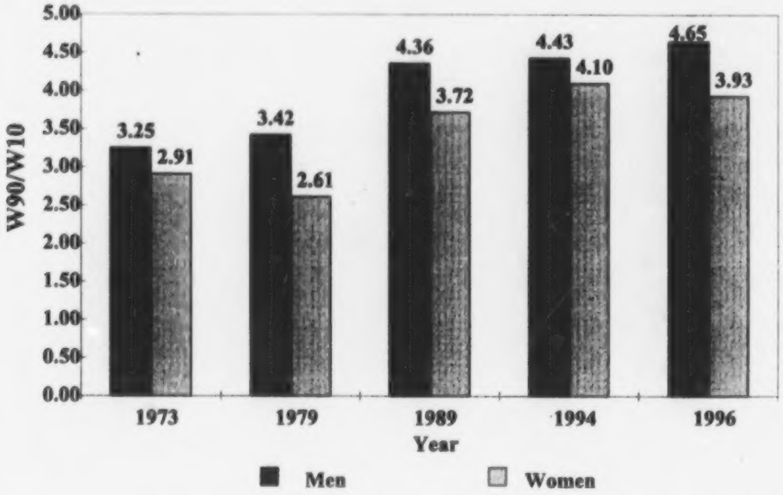


Figure 3
Trends in Relative Weekly Earnings of Full-Time Wage and Salary Workers (W90/W10), by Gender, U.S., 1973, 1979, 1989, 1994, 1996



Chapter Four

Employment Opportunities and Job Requirements:

What Jobs Shall We Prepare For?

Though MDTA was amended in 1963 to allow up to 104 weeks of remedial education and skill training, no one really expected much training of that length. The equivalent of an academic year at a vocational or technical school with perhaps the addition of several weeks for remedial education seemed adequate for the job focus of what began as a retraining program for technologically displaced workers and added disadvantaged workers as a major redirection. Some of those jobs are still available 35 years later but many no longer pay a family-sustaining wage. The workforce development programs of the 1990s are stymied because many are not prepared to offer to the target populations cited herein training which would lead to more acceptable incomes. If these programs are to be reformed to lift these populations from their impoverished conditions, they must train for occupations offering wages well above the poverty line and enabling multiple-earner families to reach the median household income. This section examines currently available national occupational employment projections to identify potential job opportunities adequate in pay and attainable by many potential trainees with reasonable preparation. This information provides the basis for the section thereafter which recommends program reforms designed to prepare the target populations for the identified jobs offering adequate pay.

The Changing Job Market

Changes in the American job market over the past one-third of a century have been quite dramatic. Technological advance, globalization, and the continued expansion of service employment have driven increased employability development requirements while externalization of employment has added significantly to the insecurity faced by many members of the modern U.S. work force. Rising productivity in manufacturing has substantially reduced labor requirements per unit of output and the forces of globalization have moved part of that production abroad. Service employment, not so easily exported, has become the source for four-fifths of jobs. Globalization of economic competition has ushered in an era in which national economies are increasingly integrated and interdependent. With globalization has come a decline in the concentration of economic power and a diffusion of political power across the globe, breeding uncertainty with new competition.

In the marketplace for labor services, increased competition means that wages in one country can differ from those in other countries only to the degree that productivity advantages exist. Since world class technology is increasingly accessible through advanced communications and transportation systems, human resource superiority increasingly justifies any sustainable international wage differentials. Globalization reduced the power of nation-based institutions such as unions and protective legislation to regulate labor market conditions and impact product markets. To impact a global economic world requires institutional power extending across national boundaries. For the most part, such global influence is not currently found in labor market institutions.

Technological achievements in transportation and information processing have fundamentally changed the world of business.

Traditional arenas of comparative advantage (e.g. location, product and process technology) have been reduced in influence by increasing rapidity and completeness of information flows. Automation has equalized attainable cost and quality standards, effectively removing them as battlegrounds for competitive advantage. Competition has moved to other frontiers such as intellect and service quality and time-based strategies dependent upon shortened time cycles and innovation in materials handling and communications systems.

Value creation is increasingly reliant on organizational capabilities which depend upon human competencies. Intangible systems and organizational relationships which support and sustain human beings in their productive roles are increasingly critical to the value-creating capability of economic organizations. As a result, competitive forces push organizations to constantly examine themselves in order to identify and capitalize on their core competencies. These challenges cut across economic sectors, government included. All are engaged in "reconceptualizing manufacturing and service corporations alike as intelligent or intellectual enterprises" capable of surviving and thriving in a world of rapid change.[48] Incumbent in most strategies proving themselves capable of thriving is increasing emphasis on the human input—what one set of authors terms human-resource capitalism.[49]

The concept of "core competencies" has become a watchword of American business seeking to establish "best in world" criteria while focusing on what each organization does best by applying a "make or buy" decision to each activity in its value chain. The underlying rubric is for the organization to examine each activity to ask if it is or can be one of the best in the world at doing that particular task. When the answer is no, the activity should be outsourced, with any freed resources used to concentrate on those activities in which the firm is or can be best in class. Cost containment and a focus on core competencies have fueled "re-engineering" and the accompanying employment dislocation processes. While dislocation is natural in economic activity, its volume during the past two decades has been increased significantly by concomitant globalization and technological change. Externalization of employment has been significant, with businesses outsourcing functions and temporary help services and labor leasing companies being among the fastest growing industries in employment terms.

The interplay of these and other trends have fundamentally altered organizational structures. Many corporate hierarchies have been flattened to reduce cost, to speed reaction time and to put decision responsibilities in the hands of the worker having direct customer contact. Information sharing has expanded to facilitate the activity of front line workers and to tap creative genius wherever it can be found. International partnering and joint ventures are commonplace as corporations strive to conserve capital, gain access to locality-specific market knowledge, and exploit worldwide technological advance and economies of scale.

With these changes, the meaning, the extent, and the source of labor market security has shifted. In fact, there is a growing sense of insecurity. Fewer workers count on a career comprised of doing the same job for the same employer over their working life. Technological advance and the changing winds of competitive advance preclude such security. Similarly, fewer workers can count on a career comprised of a variety of jobs but for the same employer. Likewise, security is not found in geography since where work is done is becoming less and less important. Through advanced information technologies such as video conferencing and internet linkage, shifting the geographical location of knowledge-based work is becoming as easy as shifting the location of less skilled work.

Economic security, to the extent that it exists, is increasingly found in "employability security," a security found in the capability to continuously add to a human capital stock of skills and abilities through lifelong learning. A worker is only as secure as is the demand for the skills that he or she possesses. Today's and tomorrow's labor markets require a deeper set of skills than that required of the average worker even a short decade or two ago. There is growing evidence that employers are hiring individuals based on their flexible skills and the capability to acquire new skills rather than recruiting individuals to fill specified, structured job slots in the organization. This job scene is especially threatening to those at the margin, inadequately prepared or displaced from customary labor market roles and in need of a second chance.

Labor Force Projections

These human resource challenges provide the backdrop for the labor market outlook. The Bureau of Labor Statistics projects a continued slowing of national labor force growth to 16 million workers or 12.2 percent between 1994 and 2005, compared to 26 million between 1971 and 1982, and 18 million between 1982 and 1993. This slower growth in the labor force results from slower projected growth of the working-age population—an annual rate of 1.0 percent—roughly half of the annual growth rate experienced from 1971 to 1982. Within this 1 percent annual growth rate, persons ages 16–24 and persons ages 55 and older are expected to have faster annual rates of growth than the overall population, 1.2 percent and 1.8 percent respectively. For youths, the projected growth represents a reversal of negative growth during the 1982–93 period. For the population 55 years and older, the growth is the result of the aging of the baby boom generation, as they begin leaving the 25–54 age bracket.

The annual rates of population growth for Hispanics (3.1%), Asians and others (3.2%), and blacks (1.5%) are projected to be much faster than for whites (0.8%). As a result, blacks and Hispanics will represent about 12 percent of the population each, the white share of the population will decrease, and the minority share of the labor force is projected to increase between 1994 and 2005. Blacks are expected to add 4.9 million workers to the labor force by 2005 bringing their share of the labor force to 11.1 percent. Approximately 6.1 million additional Hispanics are projected to participate in the labor force during the period, yielding an Hispanic labor force of nearly the same size as the black, non-Hispanic labor force by 2005. For both racial groups, labor force growth is attributed to population growth resulting from higher birth rates and from immigration. The Asian and others group is projected to add 2.3 million workers to the labor force between 1994 and 2005—an increase of 39 percent—bringing their share of the total labor force from 3.3 percent in 1994 to 4.1 percent in 2005 (Table 13).

Table 13
Projected Change in the Composition of the Civilian Labor Force, 1994 to 2005 (Thousands)

Demographic Group	Labor Force Growth		Share of Labor Force in 2005
	Number	Percent	
Total	16,055	12.2	100.0
Men	6,025	8.5	52.2
Women	10,024	16.6	47.8
White	7,882	7.8	73.7
Black	2,088	14.6	11.1
Hispanic (all races)	4,356	36.4	11.1
Asian and others	1,729	39.4	4.1

Source: *Monthly Labor Review*, November 1995, p. 39.

The overall labor force participation rate for persons 16 and over is expected to grow more slowly from 1994 to 2005 (.1 percent annual rate) than it did from 1982 to 1993 (.3 percent) due to the aging of the population and expected slower increases in labor force participation among younger women as they continue to increase their school attendance. Women's labor force participation rate is projected to increase by 2.9 percentage points, substantially less than the 5 percentage point increase for the 1982–93 period. In contrast, the labor force participation rate of men is projected to continue a long term trend of decline, decreasing by 2.2 percentage points, or 0.3 percent annually. Women are projected to account for just under one-half of labor force entrants, but only 47.0 percent of the leavers—their share of the labor force will thus be increasing from 46.0 percent in 1994 to 47.8 percent by 2005. All of this demographic restructuring of the workforce by age, race and ethnic origin and gender will have major consequences for the workforce development programs of the era.

Industrial and Occupational Outlook

With these demographic developments driving the nature of the work force to be trained and employed, what are the occupations for which that work force must be prepared, what are the occupations which will offer family-sustaining wages, and what will be the preparation requirements of those occupations? Over the 1994–2005 period, total employment in the United States is projected to grow by 13.9 percent, substantially slower than the 24.0 percent growth during the 1983–1994 period. The number of jobs will increase by 17.7 million (Table 14) with employment in agriculture and private household employment projected to decrease by 6.2 percent and 17.2 percent, losing 0.22 million and 0.17 million jobs respectively, while nonagricultural self-employed and unpaid family employment is projected to increase by 13.6 percent, adding 1.2 million workers. By 2005, the service-producing sector's share of nonfarm wage and salary employment will increase from 78.9 percent to 82.4 percent. With only a small agricultural sector in employment terms, continued growth in service employment's share spells a loss of employment share for the goods-producing sector, falling below its traditional 20 percent share of total employment.

Table 14
Numeric and Percent Change in Projected Employment by Industry, 1994-2005 (Moderate Growth Scenario) (Thousands)

Industry	Employment				
	Distribution of Nonfarm Wage and Salary Employment		1994	Projected Growth 1994-2005	
	1994	2005		Number	Percent
Nonfarm wage and salary	100%	100%	113,340	16,846	14.9
Goods producing	21.1	17.6	23,914	-985	-4.1
Mining	0.5	0.3	601	-162	-27.0
Construction	4.4	4.2	5,010	490	9.8
Manufacturing	16.1	13.1	18,304	-1,313	-7.2
Durable	9.2	7.1	10,431	-1,141	-10.9
Nondurable	6.9	5.9	7,873	-172	-2.2
Service producing	78.9	82.4	89,425	17,830	19.9
Transportation, communications, and utilities	5.3	4.9	6,006	425	7.1
Wholesale trade	5.4	5.0	6,140	419	6.8
Retail trade	18.0	17.7	20,438	2,657	13.0
Finance, insurance, and real estate	6.1	5.7	6,933	439	6.3
Services	27.2	32.9	30,792	12,018	39.0
Government	16.9	16.1	19,117	1,873	9.8
Agriculture	NA	NA	3,623	-224	-6.2
Private household wage and salary	NA	NA	966	-166	-17.2
Nonagricultural self-employed and unpaid family workers	NA	NA	9085	1,239	13.6
Total	NA	NA	127,014	17,694	13.9

Source: Calculations based on BLS data; *Monthly Labor Review*, November 1995, p. 47.

Note: Services excludes SIC 074,5,8, (agricultural services) and 99 (non-classifiable establishments).

The service-producing sector is comprised of six divisions: wholesale trade; retail trade; finance, insurance, and real estate; private services; transportation, communications and utilities; and government. Of these, only the services division is projected to increase its share of employment. By 2005, one-third (32.9 percent) of all nonfarm wage and salary employment is projected to be within the services division, the largest concentration of any single division. Employment in this division is projected to grow 3 percent annually, more than twice the rate of growth for all nonfarm wage and salary employment.[50] Most of the projected growth within the division (57 percent) is in just two industry groups: business services (3.8 million) and health services (3.1 million).[51]

Employment growth in all major occupational groups is projected to grow slower during the 1994–2005 period than over the previous eleven years (Table 15). For some occupational groups, the rates of change are similar to the 1983–1994 period, while others depart substantially. The most significant change from the past is the slowing of employment growth for administrative support occupations, reflecting the expected effect of increasing technological change in the office environment. Between 1983 and 1994, employment in this occupational group increased by 22.8 percent, while for 1994–2005 its employment is expected to increase by only 4.3 percent, though it has actually declined in the past four years.

Professional specialty occupations are forecasted to have the fastest projected growth, continuing the pattern of the 1983–1994 period, and providing the largest numerical increase in employment. Service-related occupations are second on both dimensions. Four occupational groups are projected to sustain a loss of employment share: administrative support, including clerical; agriculture, fishing, forestry and related occupations; precision production, craft and repair; and operators, fabricators, and laborers.

Rates of projected employment growth by more detailed occupation category range from an increase of 119 percent for personal and home care aides to a decline of 71 percent for letterpress operators.

Table 15
Employment by Major Occupational Groups: 1983, 1994, and Projected 2005, Moderate Growth Alternative (Thousands)

Occupation	Employment			Employment Change				Employment Share (percent)		
	1983	1994	Projected for 2005	1983-94		1994-2005 Projection		1983	1994	2005
				Number	Percent	Number	Percent			
Total, all occupations	102,404	127,014	144,708	24610	24.0	17,694	13.9	100	100	100
Executive, administrative, and managerial	9,591	12,903	15,071	3,312	34.5	2,168	16.8	9.4	10.2	10.4
Professional specialty	12,639	17,314	22,387	4,675	37.0	5,073	29.3	12.3	13.6	15.5
Technicians and related support	3,409	4,439	5,316	1,030	30.2	876	19.7	3.3	3.5	3.7
Marketing and sales	10,497	13,990	16,502	3,493	33.3	2,512	18.0	10.3	11.0	11.4
Administrative support, including clerical	18,874	23,178	24,172	4,304	22.8	994	4.3	18.4	18.2	16.7
Service	15,577	20,239	24,832	4,662	29.9	4,593	22.7	15.2	15.9	17.2
Agriculture, forestry, fishing and related	3,712	3,762	3,650	50	1.3	-112	-3.0	3.6	3.0	2.5
Precision production, craft, and repair	12,731	14,047	14,880	1,316	10.3	833	5.9	12.4	11.1	10.3
Operators, fabricators, and laborers	15,374	17,142	17,898	1,768	11.5	757	4.4	15.0	13.5	12.4

Source: *Monthly Labor Review*, November 1995, p. 61.

Twenty of the occupations with the largest expected job growth account for more than half of all projected employment growth between 1994 and 2005. Three of the top five occupations listed (cashiers, salespersons, waiters and waitresses) are closely linked to retail trade, three health care occupations are in the top ten (registered nurses; home health aides; nursing aides, orderlies, and attendants), and three education-related occupations are in the next ten (secondary school teachers, teacher aides and educational assistants, elementary teachers). The occupations projected to grow the fastest, on the other hand, do not add very large amounts of new jobs. For example, employment for occupational therapy assistants and aides would increase by 82 percent but add only 13,000 jobs. Eight of the top 20 fastest-growing occupations (personal and home care aides, physical and corrective therapy assistants, occupational therapy assistants, physical therapists, occupational therapists, medical assistants, and medical records technicians) are in the health services industry.

Because workers leave jobs to enter other occupations or to leave the labor force entirely, replacement demand results in a large number of job openings. Total job openings are projected to reach near 50 million due to job growth and net replacement needs between 1994 and 2005, replacement demand being the primary category.

Occupational Earnings and Educational/Training Requirements

Using the annual median earnings of wage and salary workers who usually work full time as their earnings measure, the Bureau of Labor Statistics develops occupation-based earnings quartiles. For 1995, these quartiles of annual earnings and the hourly earnings necessary to attain them from full-time, full-year employment were:

Lowest Quartile	Less than $17,300	Less than $8.32
Third Quartile	$17,300 - $24,299	$8.32 to $11.68

Second Quartile	$24,300 - $37,099	$11.68 to $17.84
Highest Quartile	$37,100 or Greater	More than $17.84

Applying these occupation-specific earnings quartile designations to the findings for the 1994–2005 projections period, relatively high paying occupations are projected to grow faster than lower-paying occupations, with occupations in the top two quartiles accounting for nearly 60 percent of projected employment growth over the 1994–2005 period. However, replacement needs are projected to be greater in occupations in the lower two earnings quartiles. Since greater numbers of job openings result from net replacement needs than job growth over the period, total job openings are projected to be greater in the first and fourth quartiles (Table 16).

BLS also describes occupations by typical education and training requirements, using a classification system comprised of distinct categories of skill preparation (Table 17).[52] Looking to the 1994–2005 projection period, occupational employment patterns reflect movement toward higher levels of required education and training. The highest growth rates of job openings due to employment growth are among occupations typically requiring academic degrees: master's degree (28.5 percent), bachelor's degree (26.9 percent), associate degrees (24.3 percent), and professional degrees (22.0 percent). Because occupations requiring less education and training typically have less job attachment and higher turnover than other occupations, these occupations have a greater share of total openings than their share of openings created by growth alone. Consequently, the largest single education and training category of job openings (40.6 percent) is that of openings requiring only short-term on-the-job training. In contrast, occupations requiring a bachelor's degree or higher account for 23.2 percent, and occupations requiring either an associate's degree or some postsecondary vocational education account for 8.0 percent of job openings.

Table 16
Distribution of Occupational Employment by Earnings (Thousands)

Earnings Category (Quartile)	Number of Occupations	Employment, 1994		Change in Employment 1994-2005		Job Openings Due to Net Replacement		Job Openings Due to Net Replacement and Job Growth	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	513	127,014	100.0	17,693	100.0	29,426	100.0	49,631	100.0
First	147	31,458	24.8	5,948	33.6	6,693	22.8	12,863	25.9
Second	152	31,608	24.9	4,573	25.8	6,796	23.1	11,709	23.6
Third	136	31,856	25.1	2,658	15.0	7,402	25.2	11,011	22.2
Fourth	78	32,091	25.3	4,514	25.5	8,535	29.0	14,047	28.3

Source: *Employment Outlook: 1994–2005: Job Quality and Other Aspects of Projected Employment Growth*, BLS Bulletin 2472, December 1995, p. 31.

Table 17
Projected Change in Employment by Education and Training Category, 1994–2005 (Thousands)

Education and Training Category	Job Openings Due to Employment Growth		Job Openings Due to Growth and Net Replacement Needs	
	Number	Percent	Number	Percent
Total	17,693	13.9	49,631	100.0
First professional degree	374	22.0	657	1.3
Doctorate degree	180	18.4	467	.9
Master's degree	427	28.5	658	1.3
Work experience plus a bachelor's or higher degree	1,303	15.9	3,062	6.2
Bachelor's degree	3,764	26.9	6,684	13.5
Associate degree	963	24.3	1,594	3.2
Postsecondary vocational education	743	10.5	2,378	4.8
Work experience	1,331	13.3	3,554	7.2
Long-term on-the-job training	1,229	9.0	4,754	9.6
Moderate-term on-the-job training	864	5.3	5,670	11.4
Short-term on-the-job training	6,513	13.1	20,152	40.6

Source: *Employment Outlook: 1994-2005: Job Quality and Other Aspects of Projected Employment Growth*, BLS Bulletin 2472, December 1995, p. 28.

Having examined the earnings and the education requirements dimensions of the occupational employment projections separately, it is important to bring them together. Table 18 provides the distribution of total job openings for the projection period by earnings quartile and education/training category. Over the projection period, occupations requiring a bachelor's degree or higher comprise the majority of the job growth among occupations in the highest earnings quartile. The majority share of projected employment growth in the second highest earnings quartile is in occupations requiring moderate- to long-term on-the-job training or significant amounts of work experience. The third earnings quartile is comprised primarily of occupations requiring short- to moderate-term on-the-job training. The fourth earnings quartile is dominated by occupations requiring only short-term on-the-job training. Among the occupations in the fourth (lowest earnings) quartile, five occupations account for nearly one-half of projected job openings: janitors and cleaners, cashiers, waiters and waitresses, teacher aides, and home health aides.

Tables 19 and 20 provide the education and training category assigned by BLS, and the relative rank of median earnings, for the occupations projected to have the largest numerical increase (Table 19) and the fastest projected employment growth (Table 20) between 1994 and 2005. Among the twenty occupations expected to add the largest absolute increase in employment, eleven require only short-term on-the-job training, of which all, except for truck drivers, provide low or very low earnings. Of these nine occupations offering very high or high relative earnings, six require an associate's degree or higher academic credential or long-term on-the-job training. Among the twenty occupations with the fastest projected employment growth rates, seven require at least a bachelor's degree, two at least are associate's degree, six moderate to long on-the-job training, and one postsecondary vocational training.[53]

Table 18
Distribution of Projected Total Job Openings (Due to Growth and Net Replacement Needs) by Earnings Quartile and by Occupational Education and Training Category, 1994–2005

Education and Training Category	Median Earnings Quartile			
	First	Second	Third	Fourth
Total	25.9%	23.6%	22.2%	28.3%
First professional degree	4.5	0.7	0	0
Doctorate degree	3.6	0	0	0
Master's degree	5.1	0	0	0
Work experience plus a bachelor's or higher degree	22.8	1.0	0	0.1
Bachelor's degree	41.0	10.2	2.0	0
Associate degree	7.1	5.6	0.1	0.1
Postsecondary vocational education	1.3	5.4	11.8	2.1
Work experience	5.7	15.7	8.8	0.1
Long-term on-the-job training	7.1	23.9	3.4	4.8
Moderate-term on-the-job training	0.8	23.2	18.2	6.0
Short-term on-the-job training	1.0	14.2	55.8	86.9

Source: Authors' calculations based on *Outlook: 1994-2005: Job Quality and Other Aspects of Projected Employment Growth*, BLS Bulletin 2472, December 1995, p. 31.

Table 19
Occupations with the Largest Projected Numerical Increase in Employment, 1994–2005

Occupation	Education and Training Category	Quartile Rank of 1994 Median Earnings
Cashiers	Short term OJT	4
Janitors and cleaners	Short term OJT	4
Salespersons retail	Short term OJT	3
Waiters and waitresses	Short term OJT	4
Registered nurses	Associate degree	1
General managers and top executives	Work experience in occupation requiring at least a Bachelor's degree	1
Systems analysts	Bachelor's degree	1
Home health aides	Short term OJT	4
Guards	Short term OJT	3
Nursing aides, orderlies, and attendants	Short term OJT	4
Teachers, secondary school	Bachelor's degree	1
Marketing and sales worker supervisors	Work experience in a related occupation	2
Teacher aides and educational assistants	Short term OJT	4
Receptionists and information clerks	Short term OJT	4
Truck drivers, light and heavy	Short term OJT	2
Secretaries, except legal and medical	Postsecondary vocational training	3

Occupation	Education and Training Category	Quartile Rank of 1994 Median Earnings
Clerical supervisors and managers	Work experience in a related occupation	2
Child care workers	Short term OJT	4
Maintenance repairers, general utility	Long term OJT	2
Teachers, elementary	Bachelor's degree	1

Source: *Occupational Projections and Training Data*, BLS Bulletin 2471, January 1996, pp. 12–35.

Table 20
Occupations With the Fastest Projected Employment Growth, 1994–2005

Occupation	Education and Training Category	Quartile Rank of 1994 Median Earnings
Personal and home care aides	Short term OJT	3
Home health aides	Short term OJT	3
Systems analysts	Bachelor's degree	1
Computer engineers	Bachelor's degree	1
Physical and corrective therapy assistants and aides	Moderate term OJT	4
Electronic pagination systems workers	Long term OJT	2
Occupational therapy assistants and aides	Moderate term OJT	3

Occupation	Education and Training Category	Quartile Rank of 1994 Median Earnings
Physical therapists	Bachelor's degree	1
Residential counselors	Bachelor's degree	1
Human services workers	Moderate term OJT	3
Occupational therapists	Bachelor's degree	1
Manicurists	Postsecondary vocational training	4
Medical assistants	Moderate term OJT	3
Paralegals	Associate degree	2
Medical records technicians	Associate degree	2
Teachers, special education	Bachelor's degree	1
Amusement and recreation attendants	Short term OJT	3
Corrections officers	Long term OJT	2
Operations research analysts	Master's degree	1
Guards	Short term OJT	3

Source: *Occupational Projections and Training Data*, BLS Bulletin 2471, January 1996, pp. 12–35.

In Summary

The picture that emerges from the review of demand-side projections is stark and straightforward. The economic and demographic challenge is formidable at the low wage end of U.S. labor markets. While only the most educated workers have managed real earnings gains in recent years, those workers at the underskilled, low-wage end of the labor market have fared particularly poorly—actually losing ground relative to their counterparts. It is this same part of the labor market that now faces the demographics of a return to a rapidly growing youth population and continuation of large immigrant flows, both legal and illegal. Welfare reform will add to the dilemma by necessitating the absorption of perhaps two million welfare recipients who will be displaced by time limitations.

The distribution of total job openings by occupation and earnings is projected by the U.S. Bureau of Labor Statistics to be concentrated among occupations in the highest and lowest earnings quartiles. Occupations in the top two earnings quartiles are projected to account for 60 percent of employment growth. These typically require significant amounts of formal education or long-term on-the-job training. Plenty of jobs will be available that require only short-term on-the-job training, but these also exhibit earnings in the bottom quartile. Occupations providing pay in the top earnings quartile are rarely accessible without a bachelor's degree. Family-sustaining incomes require earnings in the second quartile or, depending upon family size, in the upper levels of the third quartile. Incumbents in those occupations share two-year associate degrees or on-the-job training. As a general rule, the education and training required to assist low-wage individuals to achieve employment at non-poverty earnings levels on average requires greater training intensity than has been provided in years past. That level of training also presumes a better basic education than earlier required, adding to the need for remediation. Longer education and training durations inevitably lead to the issue of subsistence while learning, especially with the anticipated decline in support from income maintenance programs as a result of welfare reform. It is to these realities that any viable second chance workforce development policy must respond.

Chapter Five

Responding to the Challenge:

Some Requirements for a Fourth Chance for Second Chance Programs

The persistent citation of on-the-job training and work experience as the primary means by which incumbents have acquired the skills commensurate with employment related to the second and third earnings quartiles highlights the essential role of the employer in workforce development. The "jobs first" emphasis of recent welfare reforms leads in the same direction. However, to rely totally on employer choice of whom to hire and train is to largely abandon the concept of a second chance. Employer-provided training tends to be after-the-fact and informal. Employers hire employees to do various tasks and then train them for new assignments rather than hiring them for the purpose of training them. A policy of the past has been to provide disadvantaged workers with at least enough remedial education and classroom training to make them as attractive to employers as the available nondisadvantaged which employers might otherwise prefer to hire without previous training, but funding has never been adequate to pursue that policy on a large scale.

The on-the-job training components of JTPA and its predecessors have often been a means of buying a job rather than a means of persuading the employer to provide training. No formal classroom training program by itself can adequately prepare an individual for productive employment. Some additional on-the-job training, formal or informal, and work experience is always needed. Completers of vocational school programs often start on the job as helpers of some kind and move up from there with experience. Some school-to-work programs are designed expressly to assist that process. However, available evidence on private sector training patterns is not encouraging, with training disproportionately concentrated on management development. Increasing employer involvement in the training of front line workers will be one major challenge of any new and effective workforce development policy.

The "work first" perspective is based on the conviction that any job is better than no job and that the best way to succeed in the labor market is to join it, developing work habits and skills on the job rather than in a classroom setting. This approach underlies much of current welfare reform. Such an approach does not rule out training and development thereafter, but emphasizes work as the primary step in a "learn while earning" framework. This framework encounters obvious problems to the extent that access to private sector training is constrained. Unless it is a preliminary step in a process which includes persistent upgrading, it too often only transfers its beneficiaries from the welfare poor into the ranks of the working poor.

Classroom-based human capital development also has its limitations as a second chance alternative. Since most of those needing a second chance are no longer dependent family members, subsistence needs become a major obstacle. Budget realities relative to the size of the eligible population severely constrain the number of clients serveable under this strategy. Classroom-based skill training also normally has as a prerequisite substantial previous attainment of basic education which cannot be assumed of those needing a second chance. Fundamentally, however, there may be little alternative to classroom involvement if lasting economic self-sufficiency is the goal. In a world where economic success and hence worker security are increasingly found only in the skills and abilities that they possess, workers need continuous access to learning environments. When employers do not provide the training to facilitate productivity improvement, the cost burden falls on the worker. Government might assist knowledgeable and self-motivated workers in upgrading themselves through tax credits for individual education and training activities or grants/vouchers for targeted groups of workers, but the disadvantaged and many dislocated workers will need guidance as well as support—remedial basic education as well as substantial training in job skills.

The most promising approach would be an amalgam of these three strategies: providing work experience accompanied where needed by remedial basic education but followed soon by upgrading through a repetitive interaction of classroom and on-the-job training.

The challenge is to:

a. navigate a changing terrain of occupational skill demands requiring longer-term, more intensive training than second chance programs have typically achieved;

b. achieve earnings levels not typically associated with the occupations that second chance programs have historically pursued; and

c. do so in the face of funding levels that do not support the longer-term training mandated by the realities of the job market.

In today's environment, similar to *Alice in Wonderland*, training programs must run faster to stand still. Unless we want to increasingly be engaged in preparing people for poverty-level jobs, we will have to underwrite preparation for higher-level jobs. Doing so will require financial and philosophical commitments well beyond those currently apparent in the pending legislation. Answers will need to be jointly pursued by employers, adult education and workforce development forces.

Access to Private Training

A critical step in the next stage of the nation's workforce development policy will be the recruitment of private employers into the enterprise. Formal company training programs and apprenticeship training programs that lead to journeyman status or licensing/skill certification frequently have been found to have relatively large and sustained effects on the hourly earnings of workers and their estimated productivity.[54] Formal company training, however, tends to be provided at much higher rates to workers who possess more years of formal schooling and higher literacy proficiencies, with four year college graduates being most likely to be the recipients of such training.[55] Apprenticeship training programs are quite limited in scale in the U.S., particularly outside of the construction and manufacturing industries. Only 1 to 2 percent of U.S. high school graduates participate in such programs in the early years after graduating from high school and only an additional 1 to 2 percent do so in their early to mid-20s. Despite its initial potential for expanding the network of youth apprenticeship slots, the School-to-Work Opportunities Act of 1994 has been a major disappointment in this regard, with only a few states, such as Wisconsin, making any serious effort to build a youth apprenticeship system. The decline of unionization in the private sector also has had a depressing effect on the level of apprenticeship training, especially in the construction industry.

The amount of formal and informal training received by workers from their employers also tends to vary by firm size, type of industry, degree of complexity of the organization, and unionization status.[56] Larger establishments as measured by their level of employment typically have been found to provide more formal training than medium or small companies. A 1995 Bureau of Labor Statistics' survey of medium to large private firms' formal training practices found that firms with 100 or more employees provided on average about twice as many hours of formal training per employee as firms with 50–100 workers.[57] Still, the mean amount of hours of training per worker over a six-month period was only 10.7 hours, equivalent to 21 hours on an annualized basis. This is equal to only one percent of the annual hours of work for a full-time, full-year employee. Mean hours of formal training per worker varied from lows of 3.7 hours in retail trade and five hours in construction to highs of 17 hours in finance, insurance and real estate and 18 hours in the transportation, communications and utilities industries.

There are several challenges for the nation in designing a future set of more effective training strategies. First, how can we expand upon the level of informal and formal training undertaken by firms, including apprenticeship training? This should entail both an increase in the number of firms—especially small firms—who will provide such training to workers, and a rise in the amount of training provided by firms who already invest in such training. In retrospect, the Clinton administration probably gave up too easily on its 1992 campaign promise to give employers a choice between providing a designated amount of training or paying a training tax. But the opposition was considerable then and the proposal would have little to no chance in Congress now. Second, to boost the hourly wages of lower-paid and less-skilled workers and reduce future wage inequality, how can firms be persuaded to provide more training opportunities to less-educated and less-skilled front line workers? Third, how can future training programs for the economically disadvantaged, public assistance recipients, and dislocated workers be tied more closely to the employment needs of the nation's employers so that the economic impacts of such publicly funded investments can be improved? In particular, how can the occupational mix and intensity of such training be altered to increase the likelihood that participants completing such training will be able to improve their real hourly wages? Higher wages can also indirectly boost the annual earnings of some trainees, particularly lower-paid men and women, by providing stronger economic incentives for them to offer more hours of labor supply. Unfortunately, real wage effects of many previous training programs for the unemployed and the economically disadvantaged have been either quite small or nonexistent. As noted, their primary annual earnings gains have come through stabilizing employment and adding to the annual hours worked more than raising hourly pay.

The Literacy Challenge

A similar set of challenges and dilemmas applies to work force development programs aimed at bolstering the literacy proficiencies or core competencies of U.S. workers. Many private employers have commented on the limited literacy and numeracy skills of front line workers, and some human resource analysts have argued that these limited proficiencies do place constraints on the ability of firms to develop high performance work organizations capable of raising productivity on a continuous basis. Findings from the 1992 National Adult Literacy Survey (NALS) indicated that 15 percent of the U.S. work force had very limited literacy proficiencies and close to 40 percent had either limited or moderate proficiencies in the prose, document, and quantitative areas.[58] Yet, despite the high numbers of workers with weak core literacy competencies, few firms provide training in basic work force skills to their employees. A 1992 national survey of small- to medium-sized firms found that typically only 6 to 8 percent provided workplace education to their employees and fewer than 5 percent of small businesses are estimated to do so.[59] Findings from the NALS also revealed that only 4 percent of 25–64-year-old labor force participants had ever received basic skills training from their employers or a labor union and that workers in the lowest proficiency group were no more likely than their more literate counterparts to have received such training from their employers.[60]

Only a small fraction (11 to 13 percent) of adult workers with limited to moderate literacy and numeracy proficiencies report having received any basic skills training since leaving school, and a majority of those receiving such training obtained it from public educational agencies or community-based organizations outside of the work place. Unfortunately, available research evidence on the effectiveness of such training in raising worker wages and earnings suggests that only basic skills training provided by employers has consistent positive and significant wage effects.[61] Evaluations of literacy and GED education programs for welfare recipients also provide little positive evidence of favorable earnings effects despite the fact that they often do lead to moderate increases in GED receipt.

Given the need for many low-skilled workers and economically disadvantaged adults to improve their literacy proficiencies, the challenge is to find effective programs that are capable of substantively boosting these proficiencies and doing so in a manner that leads to higher future wages and earnings for participants with documented increases in these proficiencies. Few private sector firms are willing on their own to provide such general skills training to their front line workers, and they often do not target the more deficient workers for such training. Basic skills education programs outside the workplace setting have a limited track record in boosting the employability and wages of former participants. The challenge is to both expand the number of firms who are willing to provide such education to their front line workers and to establish closer and more effective linkages between community-based literacy programs and employers to increase the likelihood that gains in literacy and formal educational credentials, especially among the disadvantaged and the dislocated, are converted into long-term gains in employment, wages, and earnings. The next best alternative is to integrate basic education into skill-training programs to spark and maintain participants' interest and to demonstrate relevancy. The fact that separate spending streams controlled by separate policymakers and agencies have driven remedial adult basic education and job-skill training has handicapped that integration.

Achieving Earnings Adequacy Through Workforce Development Initiatives

All of these considerations are brought into focus by the declared intention of the U.S. Congress to further devolve responsibility for federally-funded workforce development programs to the states. Actually, whatever combination of the House Employment, Training, and Literacy Enhancement Act and the Senate Workforce Investment Partnership Act emerges, the substantive differences from JTPA likely will be minimal. In the main, state and local planning bodies will gain new names with little substantive change in authority or function. Though there will be some superficial consolidation of relatively minor programs with JTPA, no major programs will be consolidated because of the vested interests of their service providers. Balancing the House preference for fairly rigid controls with the Senate advocacy of a more permissive environment has substantive risks as well as potential opportunities. States have tended to take care of the mainstream workforce but ignore the needs of those on the political periphery. Historically, a few states have stepped up to the various challenges which others have ignored. Federal sponsorship and funding has generally been necessary to entice states to serve those who are politically weak at the local and state levels but in the aggregate have been able to win support at the national level. MDTA was modeled after a Pennsylvania retraining program but only national legislation carried the concept cross-country. But now, despite frequent claims that there are a plethora of programs "out there," the aggregate funding of all cannot meet but a fraction of the need—JTPA is often cited as being funded to enroll less than five percent of those whom Congress has declared eligible for the services. Left to themselves after devolution, some states might use the money wastefully, more would continue current practices in an uninspired fashion, but a few would likely use the federal workforce services funding as seed money to seriously rise to the second chance challenge. In all likelihood, that would turn out to be the same states which try the hardest to reduce the second chance need by doing the best job of workforce preparation the first time around. The answer to the dilemma must be to impose on the states only those federal requirements which challenge them to high performance without discouraging their commitment nor impeding their ingenuity.

What would that realistic state second chance system look like? It would be individually focused, combining the desires and aspirations of the client with the guidance of a knowledgeable case manager in an individualized rehabilitative plan. It would serve variously the economically disadvantaged, both youth and adults, the welfare reform population and the displaced experienced worker. It would add substantial state funds to the currently inadequate levels of federal funding. Equally vital, it would consider crucial the involvement of a significant proportion of the private business community. Realism in training, capping that with work experience, providing a near guarantee of job access, and offering a means of obtaining some earnings during lengthened training durations are all dependent upon the committed involvement of private employers.

Realism also would recognize that just a job is not enough. There must be the realistic promise of a family-supporting wage within a reasonable time period. Even being able to earn one's way out of poverty is not enough. In 1964, the United States of America at the request of its President and by the action of its Congress declared war on poverty. By the income criteria chosen, 22.2 percent of U.S. households had incomes below the poverty threshold. Poverty rates declined considerably between 1964 and 1973, but over the subsequent years fluctuated over the business cycle and by 1996 remained at 13.7 percent. But before we claim victory and withdraw cheering from the battlefield we need to recognize that we have won in part by doing as one senator long ago advocated we should do in Vietnam: "Declare victory and go home."

In the poverty war, we made apparent progress by failing to adapt the measurement to reflect changing realities in consumption patterns and living expenses. Noting that the average low-income family spent approximately one-third of its income on food, we tripled the cost of a subsistence food diet and called that the poverty threshold. Even that minimum income level was not expected to sustain a household over any extended period of time. But that was then and this is now. Food has slipped to one-fourth of a low-income family's expenditures while housing—which was 25–30 percent in the early 1960s—is now often as high as 50 percent of income for low-income families without housing subsidies. With these and other changes in relative living costs, the current poverty threshold would have to be raised by one-third to provide 1964's standard of living.[62] At that level, the national poverty rate would still be over 20 percent instead of the current 13.7 percent.

Table 21 illustrates alternative earnings targets for workforce development programs by family size. Surpassing the current poverty guidelines is the target of many current programs but no one credibly argues that the families so rewarded are no longer deprived. As already noted, 133 percent of the poverty line equates with the standard of living the poverty threshold denoted in 1964; 185 percent of the poverty guideline represents the point at which, in most states, a single parent family is no longer eligible for Medicaid, food stamps and childcare assistance— self-sufficiency in programmatic terms; at 200 percent of poverty a family of five surpasses the $35,492 1996 median household income. Each of these income levels serves to illustrate alternative workforce development earnings goals in subsequent sections of this monograph. Notably, the current poverty guideline generally equates with the annual incomes of the fourth earnings quartile, 133 percent of it with the third quartile, and 185 percent and 200 percent with the second quartile of annual earnings cited earlier.

Table 21
1996 Federal Poverty Guidelines with 133%, 185% and 200% Adjustments

Family Size	Poverty Guideline	133%	185%	200%
1	$7,890	$10,520	$14,597	$15,780
2	10,610	14,150	19,629	21,220
3	13,330	17,770	24,661	26,660
4	16,050	21,400	29,693	32,100
5	18,770	25,030	34,725	37,540
6	21,490	28,650	39,757	42,980
7	24,210	32,280	44,789	48,420
8	26,930	35,910	49,821	53,860

Obviously, current poverty levels for the adult poor will not be alleviated by job placement alone. For those not kept out of the labor market by disability, geography, unavoidable family responsibilities, or other barriers, access to quality education and training must be the primary tool used to give poor families access to jobs paying wages high enough to lift them out of poverty and beyond to a family-sustaining income which the poverty guidelines were never designed to measure. Table 22 lists the hourly wages necessary for families of various types and sizes to reach the poverty multiples calculated for Table 21. The columns for single-earner families divide the poverty income figure by the 2,080 hours equivalent to full-time full-year employment, despite the fact that working women nationally average only 1,750 hours per year. The single earner might be either a single parent or a primary earner in a two-parent family. The single parent will face a gender earnings handicap since most are women. However, the male wage advantage for the single earner in a two-parent family will be offset to some degree by larger family size. The two-earner assumption herein is based on one full-time and one half-time earner, for a total of 60 hours per week for 52 weeks (3,120 hours/ year) with 1,040 of those hours paid at two-thirds the indicated wage rate, assuming that the secondary earner is the mother. An alternative assumption reaching the same conclusion would be for the full-time worker to also have an additional part-time job at the lower two-thirds wage while the spouse cared for the children on a full-time basis.

Since the poverty threshold rises by family size, so does the hourly wage required to achieve the prescribed level of earnings. However, as noted earlier, the employer pays for the worker's productivity, not the numbers of mouths he or she is responsible for feeding. Hence, the larger the family, the more highly paid the target job would have to be to achieve any poverty-related income target. Realistically, therefore, program planners would probably have to accept as their program objectives the wages necessary to raise the state's average size low-income family to the target annual income.

Table 22
Hourly Wage Required to Earn 100 Percent, 133 Percent, 185 Percent and 200 Percent of Poverty, by Number of Earners and Family Size, 1997

Family Size	Poverty	133% of Poverty		185% of Poverty	200% of Poverty	
	Singer Earner	Single Earner	Two Earners	Single Earner	Single Earner	Two Earners
1	$3.79	$5.04	—	$7.01	$7.58	—
2	5.10	6.78	$5.10	9.44	10.20	$7.65
3	6.41	8.53	6.41	11.86	12.82	9.61
4	7.72	10.27	7.72	14.28	15.43	11.58
5	9.02	12.00	9.03	16.69	18.05	13.54
6	10.33	13.74	10.33	19.11	20.66	15.50
7	12.42	16.52	11.64	22.98	23.28	17.46
8	13.89	18.47	12.95	24.57	25.89	19.42

Appendix Table A-1 indicates in earnings quartile terms the available occupations accessible with no more than two years of post-secondary education and training capable of providing earnings at these levels.

Chapter Six

Earning a Family-Sustaining Income

What are the realistic possibilities of achieving family incomes of the above magnitudes through second chance programs? In 1995, the average wage earned in the U.S. by non-high school graduates was $8.16 per hour, not quite sufficient on a full-time full-year basis to achieve 133 percent of poverty for the single earner in a three person family but a little more than enough to bring a four-person family to the poverty line. The challenge for workforce development programs is portrayed by the fact that, in comparison, the mean placement wage for an adult terminee from the JTPA title IIA program in program year 1995 was only $7.25, not even enough to bring a four person family to the poverty line. Table 23 provides the proportions of program year 1994 terminees from both II-A and III whose annualized post-training weekly wages exceeded 100 percent, 150 percent and 175 percent of that year's poverty threshold—a standard considerably less ambitious than what we advocate herein. The differences between the disadvantaged and the dislocated populations are dramatically displayed. Work experience is likely the primary factor, but there are probably also substantial differences in literacy and other basic skills which will have to be remedied before or as the Title II-A population pursues occupations capable of producing the advocated earnings.

The objective must be to substantially improve JTPA earnings outcomes—to achieve a family-sustaining income, even if only a single earner is available. How to do that must be decided upon

Table 23
Percent of Employed JTPA Title II-A and Title III Terminees With Gross Weekly Earnings at or Above Selected Annual Earnings Thresholds by Number of Dependents, Program Year 1994

Earnings Level	One Dependent	Two Dependents	Three Dependents
	Title IIA		
100% of Poverty	75.6	57.6	28.7
150% of Poverty	31.0	15.9	5.8
175% of Poverty	17.7	9.6	2.8
	Title III		
100% of Poverty	89.0	82.5	62.6
150% of Poverty	62.0	49.3	28.8
175% of Poverty	47.7	38.9	19.7

Note: The poverty thresholds for each employed respondent are those for a family size equal to one plus the number of dependents reported by the terminee at the time of initial enrollment.

Source: PY1994 SPIR data, U.S. Department of Labor, Employment and Training Administration; calculations and tabulation by the Center for Labor Market Studies, Northeastern University.

within the context of local labor markets. One size fits all has been a handicap of most public programs. No matter how committed to promoting the well-being of individuals and families, federal social programs have faced the general obstacle of rule making which must treat an entire nation uniformly. Workforce development programs over the years have sought a balance between federal responsibility and local discretion. The purpose of the shift from the Manpower Development and Training Act of 1962 to the Comprehensive

Employment and Training Act of 1973 was primarily to allow local planning and policymaking, within prescribed limits, as to whom and in what occupations to train, while the Job Training Partnership Act of 1982 sought to increase the extent of private employer involvement in that planning exercise. JTPA has increasingly offered to governors the discretion to alter target groups, the mix of services and performance measures to fit their perceived labor market realities. However, funding limitations, more than anything else, have constricted the range of options. Workforce development programs have been accorded lip service but the resources available to carry them out have continually declined in real terms. Both the Senate and House bills currently awaiting conference declare their intention to further "devolve" responsibility for consolidated job training programs to the states. The conference deliberators may find it useful to visualize the type of program which would have to emerge at the labor market level to make the earnings needed for a family-sustaining income feasible for program completers. They can then work back from that image to the legislative provisions necessary to make such local labor market programs possible. Generalizing beyond the differences essential to local labor market realities, what would such a program look like?

- First, it would abandon overcoming poverty or welfare dependency as a primary goal and focus on family-sustaining earnings as already noted. For convenience here, we have identified 133 percent of the current poverty threshold as a minimum target for initial employment with 185 percent for single-earner families and 200 percent for two-parent families as the ultimate goal. That does not mean that no one should be placed in a job in which less than 133 percent of poverty could be earned, but only that such jobs should be perceived as way-stations en route to the 185 and 200 percent target earnings. Neither is a fixed time period proposed but an acceptance of responsibility that, once enrolled, the program will continue to work with the enrollee until the target is attained. These targets may be unrealistic in some local labor markets but they are probably achievable for most enrollees in most locations under current economic conditions. State and local planners and operators in some areas may need the flexibility to adopt somewhat lower earnings targets—both because of local economic conditions and the potential capabilities of individual trainees—but should still have their feet held to the fire to achieve more than ever before under every circumstance.

- Secondly, the program would be individualized with the ability to focus on the circumstances and needs of each individual and household as well as on each demographic and socioeconomic grouping. Jobseekers whose skills are already adequate should be provided with immediate information concerning the availability of jobs to get them back to work. The remaining challenge in that "job-ready" arena is whether a family-sustaining wage is adhered to as the boundary between those who only need placement and those who need further employability development. The choice should be the job seeker's, but each job seeker should know that the option of further employability development exists—which places upon public policy the responsibility to see that it does in fact exist. For those without families to sustain, the issue is whether the job in which they are placed will contribute useful work experience to help them arrive at that earning capacity by the time there is a family to support. For those unlikely to be placed in jobs at a family-sustaining wage, there must be screening to identify them and offer them realistic opportunities for further employability development and case managers to provide counsel to the individual or household in tailoring a program to take them from where they are to where they want to be. Of necessity, we describe herein services within broad demographic categories, but the operational focus would be on individuals and households within those groupings.

- Thirdly, there must be both a better first and a second chance—and subsequent chances, if necessary—for career preparation in a rapidly changing workplace. What is needed is improved preventive preparation before labor market entry, an effective school-to-careers linkage for youth unlikely to choose college, and an adequate second chance system for those who slip by the watchers at the gate. The remainder of this monograph focuses on the curative rather than the preventative system.

- Fourth, formal training and work experience must be combined to provide access to jobs that offer the opportunity for family-sustaining wages. Neither can do it alone. And, of course, formal classroom training demands some source of subsistence while earning is interrupted.
- Fifth, the effective means to secure these long-term objectives will vary by age, family circumstance and background.
- Sixth, none of this will be possible without extensive and intensive employer involvement.

Career Preparation for At-Risk Youth

Not all poverty is intergenerational, but much of it is. Data from the National Longitudinal Study of Youth suggest that more than one out of three adolescents who were raised in poverty circumstances will themselves be poor as 26–34-year-old adults. However, the risks of adult poverty can be substantially diminished through solid investment in education based on strong literacy skills. Since poverty is also geographically concentrated, it is especially important that poverty-impacted schools have preventative anti-poverty programs. The difference is that poverty prevention begins at home. Schools serving few low-income families can assume that most students have been placed on anti-poverty trajectories from infancy. Poverty-impacted schools can and should seek parental involvement but will have to accept the major burden for poverty prevention.

Early childhood programs like Head Start are important not only to the children of low-income families but also to the parents who become actively involved as well. (Of course, the title—Head Start—is now a misnomer in that early childhood education has become the standard for most children from middle class and affluent families. The program is now one more attempt to catch up with the mainstream.) Even though they can always be taught to do it better, economically successful parents tend to transmit by example the requirements of economic success, as well as encasing their offspring in networks which build on that success. Parents who have not experienced that success need to be taught principles that will not only improve their own chances for success but would help them by precept and example to point their children in sounder directions. Many successful Head Start programs have just such auxiliary purposes and many other parents would be willing, if invited, to participate in parent education activities of similar intent. But then again many would not, highlighting the challenge society faces to overcome inadequate parenting.

Since self discipline, concentration and academic aptitude are keys to success in both the classroom and the workplace, the greatest contributions the home can make to success in both of those inevitable future settings is the development of cognitive skills, self esteem, self confidence, self discipline, the enjoyment of achievement in a wide range of activities, and provision of an environment conducive to study. Obviously, these characteristics are more difficult to develop in economically deprived circumstances, but still many high-income parents fail at what many low-income parents accomplish in that regard.

However, with the best of cooperation from parents and the best of efforts at parent education, the reality is that the schools must struggle to compensate for the deficiencies of homes and neighborhoods, in English language facility, in commitment to education, in understanding of the surrounding world, in the discipline of learning and in the joy of achievement. A school that can fill those assignments will have made tremendous contributions toward the future employability and economic success of its students. It can strengthen those contributions by following the precepts of career education, emphasized during the 1970s and still evident in remnants in some of today's schools. The basic concept is to use career examples in teaching academic subjects, providing simultaneously motivation for learning otherwise abstract content and acquainting youth with the world of work. The elementary school's assignment is career awareness—being aware of the contributions workers make to society and the intrinsic rewards of becoming one. The middle school or junior high is to focus on career exploration—while using career examples to further academic learning, aid students in visualizing themselves in various work roles and the inherent lifestyles connected with them. That in turn is perceived as the basis for career decision making and the beginnings of career preparation in the high school.

In the 1970s, the choice between school leaving or further education beyond high school was considered a realistic one. But realization that, on the average, only graduates of at least four years of college were able to maintain their real incomes during the next quarter century and only those with graduate degrees actually increased their standards of living forced rethinking during the 1990s. The school-to-work movement, initially modeled somewhat after German youth apprenticeships, sought to focus career preparation, involve employers in providing work experience, and enable those not planning to continue formal education beyond high school to attain family-sustaining incomes. The results are not yet in but the effort faces major barriers. The reality regarding youth apprenticeship has fallen considerably short of the initial rhetoric. Evidence remains strong that only substantial postsecondary education and formal training can maintain worker value to the extent that employers are willing to invest further in the on-the-job training needed to secure the desired pay and benefits and offer reasonable job security.

Programmatic response to the federal school-to-work legislation and its moderate funding levels has been largely restricted by the recipient states to in-school youth, some of whom were already college-bound.[63] A huge vacuum exists for early school leavers—either school dropouts or those who graduate from high school without continuing involvement in career development activities. They are not large in relative proportions—less than one in five of present day youth do not graduate from high school. However, the absolute numbers are large and will be growing with the resurgent population trends already cited, and the earnings prospects of these early school-leavers are poorer than ever before. Job training programs for disadvantaged out-of-school youth have suffered from the discouraging national evaluations already discussed and, as a consequence, the conclusion has spread that "nothing works" for out-of-school, out-of-work, at-risk youth. Considering, however, that their enrollment in the typical program seeking to rehabilitate them averaged only 15 weeks—approximately one week for each year of the difficult lives which brought them to their endangered condition—the lack of significant gains in employability and earnings is not surprising.

Points of light amongst that dreary picture include many successful youth programs, most of them small and localized, but all manifesting major elements of a proven set of common principles:

- Personalized mentoring of each youth by at least one adult who has a strong stake and interest in the youth's labor market success;
- Related to employment, the program must have:
    - Strong and effective connections to employers;
    - Among its highest priorities placement of the young person into a paid position with one of those employers as soon as possible;
    - The initial placement must be a first step in a continuing long-term relationship with the program to advance the young person's employment and income potential;
- Provide to the youth at each step of the way the need and opportunity to improve his or her educational skills and certification;
- Provide support and assistance over a substantial period of time which may involve several jobs or further education;

- Maintain for the youth effective connections with external providers of basic supports such as housing, counseling, medical assistance, food and clothing; and
- Maintain an atmosphere buttressed by specific activities that emphasize civic involvement, community service, and leadership development.

Such programs as Youth Conservation and Service Corps, the Quantum Opportunities Program (QUOP), YouthBuild, STRIVE, the Center for Employment and Training (CET), Career Academies, and Big Brothers and Sisters are often cited as successful programs founded upon these principles, though not all of them have been rigorously evaluated. For thirty years, the federal government was perceived as the primary source of funding for such programs, but the increasing parsimony of that source and the decline in leadership and support for such programs has led public agencies and private bodies at state and local levels to undertake new initiatives with their own resources. Among these funding sources are the federal block grants to states under welfare reform, extending the average daily attendance (ADA) funding which supports in-school instruction to out-of-school instructional programs as well, reallocating juvenile justice monies previously dedicated to incarceration to prevention programs, along with foundation and other private funding. In the most successful examples, strong mayors and county executives have taken the lead to marshal and redirect resources and to promote community partnerships among churches, clubs, schools, youth programs, private employers, and federal, state and local agencies. But though the initiative has been at the city and county level, the application has been at the neighborhood level, holding that each is sufficiently different to need its own program emphasis. The imagery has been an out-of-school equivalent of the school's "home room" where the essential relationships with caring adults can be developed and maintained.

Critical to success have been organized networks of local employers to assure the availability of the work experience which not only trains but reassures the youth that they have what it takes to "make it" in the workaday world. Alternative learning options are provided, supported by ADA funds and guided by education authorities willing to commit time and resources so that the learning outcomes will be equal to and justify the issuance of high school diplomas rather than the too often demeaned general education development (GED) certificates. Pell Grants and other such resources are marshaled to enable these youth to continue on to community colleges and other postsecondary institutions as they demonstrate commitment and ability. Essential throughout all of this are dedicated staff who act as the "connectors" to assure that all of the elements hang together in dedication to restoring at-risk youth to the inner circle of society. *A Generation of Challenge: Pathways to Success for Urban Youth,* obtainable from the Sar Levitan Center for Social Policy Studies at Johns Hopkins University, is the readily available handbook of this movement.

Driving this emphasis nationally is a growing recognition that, as already noted, after declining dramatically from falling birth rates in the late 1960s and early 1970s, the absolute numbers of youth and young adults in the United States will experience another demographic surge over the next fifteen years. A renewal of youth development efforts should not be limited to low-income families and neighborhoods, but that is where the greatest emphasis is needed.

A concerted program for out-of-school youth should be designed to build a base for labor market success for all youth willing to make the effort. But the door should be held open for all of those wishing to return to school. It remains a fact that the key to labor market success in the past two decades has been formal education and a strong base of academic skills. It remains for the youth to put forth the effort, but for those still in school or those who have dropped out and yearn to return, there should be no substantive financial nor administrative obstacle to fulfilling that ambition. Both economics and compassion demand it. That means that throughout these United States no one should be blocked from remedial basic education, GEDs, Tech-Prep, access to Applied Technology Centers and other postsecondary vocational and technical education and at least the first two years of college for reasons of family or individual income. Recognition of these desired developments in the Senate bill is welcome but adequate funding will require state as well as federal input and the implementation will have to be local. And, to repeat, employer involvement in providing apprenticeship and internship opportunities is crucial.

A Second Chance for Low-Income Adults

Just as there was bipartisan support for many workforce development programs during the 1960s, 1970s and early 1980s, the political climate has shifted to bipartisan criticism in more recent years. That fact is troubling, but there is also a ray of hope. The congressional declaration of its intention to devolve workforce development responsibility to the states and wash its hands of the second chance obligation—though the House is not yet prepared to let complete discretion accompany that responsibility—poses both dangers and opportunities. Whether the states are really ready to take back the initiative from the federal government remains to be proven, but seems to be predestined for a real world test.

But, for the present, despite claims that there are a plethora of programs "out there," the aggregate funding of all cannot meet but a fraction of the need. Welfare reform added no substantive support for employability development, fostering a "jobs first" approach as contrasted with the "basic education first" mentality which drove the JOBS program. Accordingly, at the urging of the Clinton administration, Congress in late 1997 allocated an additional $3 billion—$1.5 billion a year for two years— to provide employment opportunities to former welfare recipients in states willing and able to come up with the required matching funds. Though the welfare-to-work money is specified for employment, it can be used for on-the-job training of former AFDC recipients. Rising prosperity and innovative welfare-to-work strategies across the nation have also resulted in a general decline in public assistance case loads. Since, under the Temporary

Assistance to Needy Families program, states will receive each year through the year 2001 the average of what they were receiving from the federal government during the earlier part of the decade when most had larger welfare rolls, most should have some funds available over and above that required for subsistence payments to allocate to training initiatives. That should leave the inadequate JTPA monies, however they are treated under the new workforce development legislation, more readily available for the non-welfare but still poor and disadvantaged population. Some poor adults may also qualify as dislocated workers, offset by the fact that many of the older youth may also be in the labor market needing a second chance for adequate preparation. But there is no reason that the states should not add their own funds to the total as needed to offer second chance training to their own residents. In particular, though JTPA funds are restricted to the disadvantaged and dislocated, those target groups are also eligible for training under the postsecondary components of state-matched Carl Perkins vocational and applied technology funding. Though the funding streams remain separated, the fact that the prospective federal legislation would at least bring those two streams into the view of a single advisory body at the state and local levels is a promising plus.

As advocated earlier in this monograph, a realistic second chance system would be individually focused, combining the aptitudes and ambitions of the client with the guidance of a knowledgeable case manager in an individualized rehabilitative plan. It would serve variously the economically disadvantaged, the welfare reform target group and the displaced experienced worker. There is no reason to treat them differently as groups. Each should be assisted to rise from where they are to where they have the potential to be. The primary difference between the disadvantaged and the displaced will be primarily their previous work experience which will determine from where they start and how long it will take to arrive at their destination, but not what that destination can be. The welfare recipient will be a single parent but so will many who are disadvantaged and dislocated without ever having been AFDC-eligible. In fact, there is no good reason to determine eligibility by any of those categories. The economy, the society, the family and the individual all gain as anyone's skills and productivity and therefore their earning power is expanded. Free access to skill-enhancing classroom training for anyone willing to expend the time and effort to make credible progress is likely to be a sound public investment. So are on-the-job training subsidies as long as they are carefully monitored to see that the training is substantial and will lead to lasting employment and that the employer is being compensated only for the training effort expended beyond what already trained or experienced employees available would have cost. Neither should immigration policy be structured primarily to prevent increased job competition at the bottom of the skill ladder. Far better to assist the native work force to climb that ladder, letting those immigrants admitted either for family unification reasons or because they compensate for low national birth rates take their places and then move up themselves over time.

To repeat an earlier comment, a realistic second chance also would recognize that just a job is often not enough. There must be the realistic possibility of earning a family-sustaining wage within a reasonable time period. That second chance program should also recognize the challenge of flexibility demanded by cyclical fluctuations and structural changes in the job market. When unemployment is high, those seeking a second chance will include people of high capability and substantial education, training, and work experience. The less prepared will still be out there but they will tend to disappear from sight. When unemployment is low, as it is currently in most of the United States, the well-prepared are all likely to be working and those confronting second chance programs tend to have skimpy preparation, limited work experience, minimal basic education, language difficulties and numerous learning limitations and personal conflicts.

Effective adult basic education is also essential to any skill training program which hopes to raise disadvantaged adults to family-sustaining earnings. MDRC's evaluation of the GAIN program for

California welfare recipients provides an illustration. Dividing the literacy scores of over 1,000 program participants and control group members into four quartiles showed the following relationships with their employment rates and earnings prevailing three years after their initial assignment:

	Bottom Quartile	Third Quartile	Second Quartile	Top Quartile
Average Percent Employed	18.3	19.5	26.4	26.4
Average Quarterly Earnings	$367	$384	$567	$661

However, the experience has been consistent throughout the history of employment and training programs that adults accept remedial education more readily and perform more effectively within them if the educational instruction is interspersed with and related to skill training which in turn is related to the employment and earnings reward which they expect to be the result. Assuring that interaction by including adult education funding within workforce development programs is addressed below.

Apropos the current economic climate, it should be noted that as poverty declines, the challenge of reducing it further intensifies and the techniques applied must adapt accordingly. Also, moving from the welfare poor to the working poor is not enough. Medicaid, food stamps, child care assistance, and earned income tax credits will be essential supports along the way, depending upon family structure, but the workforce development task should not be considered completed until the family has secured earnings which are beyond such eligibility levels. And if the recipients of both training and assistance are eventually to become self sufficient, they must be learning self reliance and responsibility at the same time. Hence, each step along the trail must have performance requirements essential to learning those necessary lessons.

How could all of this be accomplished in a second chance program? By choosing the right mix of occupations and providing the necessary training to convince employers that program graduates have skills worth the price. However, many will not be ready initially to succeed in a high-level skill-training program. A period of work experience may be more appropriate for those who have had little of it. Recent research has shown a "work first" approach to be more effective than simply remedial basic education and even receipt of a GED in bringing self-reliance to some welfare recipients. But "work first" has not been seriously tested against long-term skill training of the type we advocate. Certainly, skill training will be more meaningful to those with a background of work experience, and a prospective employer will want a combination of these traits. Therefore, work experience for those who lack it should be planned into a longer process of employability development, combining remedial education for those who need it with job skill training interspersed with the work experience.

In addition, there will inevitably be a few who will never be able to earn a family-sustaining income, but that too must be recognized and built into a system which will lead them, after doing all they are capable of doing, out of and beyond poverty through either subsidized employment, such as CETA's public service employment, or income supplementation of which the EITC approach—if paid monthly rather than annually—is the soundest approach.

But entry into those occupations offering a family-sustaining wage requires lengthy classroom training, substantial on-the-job training or long work experience. Changing the mix of occupations addressed by workforce development programs will require a number of significant departures from past practices. First, education and literacy requirements for entry into those more highly skilled occupational training programs will likely exceed those of existing training programs. The traditional resort has been more selective recruitment—creaming—to find among the disadvantaged those with the necessary capabilities. A possible alternative will be to begin with intensive education and literacy services to enable disadvantaged enrollees to meet these advanced entry standards. However, to repeat what was said above, the consistent experience has been that this population does better if the remedial education occurs within the context of the skill training where its relevance is more obvious and applicability is more persuasive. Secondly, the mix of training providers will have to be altered, with an enhanced role for postsecondary education and training institutions, including community colleges and private technical schools, and a reduced role for many existing community-based organizations. The latter can serve effectively as recruiters and providers of supportive services but generally lack the necessary sophistication for the required levels of education and training. Third, the provision of more training in higher-skilled occupations will necessitate lengthier training periods and more costly investments. Training outlays per participant will have to rise, subsistence payments will have to be available and economic incentives to encourage participants to complete such lengthier training programs will have to be found. Public assistance will remain available for the foreseeable future for many or even most single heads of households for up to 24 months of education and training. Childless individuals and trainees from two-parent families have few current sources of assistance. Most will be left to earn their way, but a return to payment of training stipends to deserving and economically needy participants conditional on adequate preparation for entry into and satisfactory performance during such training programs will have to be considered. The existing AmeriCorps programs serving a far more advantaged clientele provide monthly stipends to participants and allow them to earn up to $4,725 in educational vouchers for a year of participation in the program. Congress should allow future workforce development programs to provide no less generous financial assistance to disadvantaged workforce development participants.

How can a program which nationally has taken 36 years to get to a 400 hours average training duration (PY1995) shift to that level of accomplishment? There is where local level ingenuity unimpeded by detailed federal rules could but not necessarily will shine. Rob Hollister reported of the CET program's success in raising the earnings of minority single parents: "It tuned its various types of training to the local labor market, opening or shutting down different training streams as the demand for the skills changed. It put special effort into placing its graduates, marketing them to local business, following up with them after they were in the job. . . .[64] But even that program did not pursue the post-training wage levels contemplated here.

Throughout the MDTA, CETA and JTPA experience, though 104 weeks or more of training has been legally allowable, funding has never been adequate to justify spending such a high proportion of scarce resources on so few. Also, the trainee and his/her dependents must be supported while engaged in such long-term training. One of CETA's limitations was that more than one-half of its training appropriations was spent on stipends. Under JTPA, only AFDC recipients have had cash stipends available—their monthly welfare grants. Child care assistance and health insurance are other necessities. Add to that dilemma the fact that employers often say to training completers, "your training is great but where is your work experience? How do I know you can do the job?" But all of that can fit together, given flexibility, ingenuity and dollars.

One key should be individualized case management conducted by case managers knowledgeable about the labor market, its employment opportunities, education and training sources, and programs and alternative services available in the community to assist with personal problems. Those case managers should be assigned to the new one-stop career centers of the combined workforce services departments of state government emerging across the nation in an attempt to offer combined and simultaneous access to all relevant programs. Recruitment and training of such case managers will be a major challenge in itself. The case manager could and should have in hand the current employment outlook for the state and locality by occupation and industry, along with its designation of pay expectations and education, training, and work experience requirements. Appendix Table A-1 provides an example of the requisite occupational employment data for the nation projected to 2005. The list is limited to growing occupations accessible through work experience, skill training, or education of no more than two years beyond high school and providing earnings sufficiently high for one earner to reach the first or second quartiles of household incomes. Occupations offering earnings in the upper ranges of the third quartile also offer family-sustaining earnings but are not separated out in the BLS source. Though the national data may be of limited relevance for our case manager and client, most states publish comparable employment data, some even for substate regions, and all should be required and funded to do so.

With such data in hand, the case manager has available to present to the client a substantial list of technician, administrative support, precision production, craft and repair, and operative and fabrication occupations, and a few service occupations, with the potential for providing a family-sustaining wage. Choices among those training occupations must ultimately be made by the client on the basis of information and insights provided by the case manager, constrained by judgements about the likelihood for successful completion and placement. Since the time required for learning the skills of occupations carrying the necessary rates of pay is almost certain to be longer than the average of past training enrollments, the availability of at least some subsistence income and essential family services during training becomes essential. As presently constituted, there is a substantial difference between the economic situations of single-parent and two-parent families in that regard.

Whither the Single Parent?

If the client is a former AFDC recipient now transitioning to the new federal Temporary Assistance to Needy Families (TANF) block grant, and if the state's welfare administrators are prepared to use the "jobs first" philosophy as a work experience step, where needed, on a ladder leading on to training and then to a family-sustaining income rather than as a permanent transfer from welfare poor to working poor, she has two years of education and training time available,' accompanied by child care assistance and transitional Medicaid. If she does not require remedial education before entering an associate's degree program and if that is her best choice, then she is on her way. The need for work experience or remedial education or basic client preferences may suggest a shorter term program or a mix of classroom and on-the-job training. However, as long as the earnings from the "jobs first" work experience or, later, on-the-job training, replaces public assistance benefits, the TANF clock stops running and both the two-year training limit and the 60-month public assistance limit is saved for another and perhaps rainier day. Even before the advent of TANF, the proportion of female family heads who were employed had risen from 69.2 percent in 1993 to 75.9 percent in 1995–96. Nationally, AFDC caseloads had declined by 23 percent between 1993 and 1997. The welfare reform push, occurring in a high employment economy, appears to be accelerating that trend. The challenge is to assure that those jobs are either well-paid or steps on the way to subsequent ones that will be.

Table 24 illustrates the higher incidence of poverty among families with children, especially when there is only one parent present in the household. Family life supported by AFDC, food stamps and Medicaid was never satisfactory but it was economically viable—if only barely. Continuation of public assistance for a lifetime maximum of 60 months (shorter in some states), including a 24-month limit during vocational education, at least provides a proven subsistence source during a period of preparation for enhanced earnings. The first concern must be that the dependent children be adequately cared for while the single parent is either at work or in training. All child care to relieve parents for work does not have to be paid for—friends and relatives are often available and cooperative—and at some level of earnings the employed parent can afford the necessary care. But, if the intent is really welfare reform rather than simply tax reduction for the nonpoor, a public policy commitment must be made that no low-income parent's training or employment will be limited by inability to find and afford care for the children deprived of parental presence thereby.

For two-parent low-income families, one working while the other is trained or one working part time and being trained while the other cares for children is viable, but not for the single parent. In fairness to both the parent and the children, a day away in training or work while the children are in day care is dedication enough for the single parent. Communion between parent and child may be more important to many families than the supplementary earnings of a part-time job. Either continuance of public assistance benefits or provision of an income equivalent accompanied by provision of all costs of training until family-sustaining employment is attained should be an accepted commitment of workforce development policy.

Table 24
Poverty Incidence Among All Families and Families with Children, 1979–96 (Percent)

	All Families	All Families with Children	Female-Headed Families with Children
1979	9.1	12.1	40.0
1982	12.2	17.1	48.7
1989	10.3	15.0	43.6
1991	11.5	17.3	48.4
1993	12.2	18.3	48.4
1994	11.6	17.2	45.5
1995–96	10.9	16.1	42.9

Source: U.S. Bureau of Census, Current Population Reports, March surveys, various years.

Many single heads of households will never attain what we have designated here as a family-sustaining income, but most of them probably have the capability if adequately trained. The federal Earned Income Tax Credit (EITC) will be an important assist in the transition for both single and two-parent families. In 1993, 46.6 percent of female household heads with children received EITC benefits averaging $1,018, rising to 54.2 percent in 1995–96 with an average payment of $1,718, both in 1996 dollars. In the latter year, EITC payments alone lowered the incidence of poverty for such families from 42.9 percent to 37.8 percent and their average income gap from $6,962 below the poverty threshold for their family sizes to $6,075. For the one-child working family, EITC begins with an annual $9 for the first dollar earned, rises to a maximum of $2,152 for earnings between $6,350 and $11,650 and then disappears at $25,100. For the working family with two children the federal EITC begins with an annual tax credit or cash payment of $10 for the first dollar earned rising to a maximum of $3,566 for earnings between $8,850 and $11,650 and then declines to disappear at annual earnings of $28,495. However, the EITC does not rise with larger family size. A working single parent of two who earned just enough to equal the $12,640 poverty threshold for that size family—a full-time full-year job at approximately $6.30 an hour, would receive an EITC of $3,342, giving her a combined income of $15,982, or 126 percent of the poverty threshold. If she earned 150 percent of poverty, the EITC would bring her to 166 percent of poverty. Earning 175 percent of poverty with EITC added would bring her income to only 186 percent of poverty. However, a two-parent, two-child family earning the poverty threshold of $16,050 would receive a tax credit of only $2,647 and find itself at 116 percent of poverty, while the same family earning 175 percent of poverty would be brought only to 176 percent by the addition of EITC. In other words, the income supplement would disappear long before the 185 percent and 200 percent family-sustaining income targets were attained but would be a significant boost on the way there.

The key for raising the single parent's earning capability to the family-sustaining level is to identify the potential occupation for which she can be prepared and then enable her to obtain such a position through whatever combination of remedial basic education, work experience, classroom training and on-the-job training it takes for as long as it takes. Remedial basic education has proven to be more effective when accompanying skill training. The five-year lifetime limit on public assistance recipiency should not interfere with the necessary training if beginning it is not unduly delayed. Periods engaged in paid work experience and on-the-job training do not count against that limit. The clock started running on the national 60 month limit in July 1997. Therefore, except in states which have imposed shorter limits, any TANF recipient who begins a two-year program of substantive basic education and classroom skill training no later than July 2000 should be able to complete it before losing the essential subsistence. Of course, the sooner the start the greater the flexibility to move back and forth between full-time classroom training and work experience and other employment. Single parents in states with shorter public assistance time limits will just have to begin and complete their training programs earlier.

Those who are unlikely to ever achieve the family-sustaining earnings level will then need to be conceptually divided between those capable of subsidized employment—now that the society has ruled that work is to be the only accepted source of survival—and those very few who must remain dependent. Both of these populations are beyond the boundaries of this treatment of the future of second chance programs.

Training the Primary Earner of the Two-Parent Family

For those without access to welfare assistance, more ingenuity is required to provide subsistence, but the possibilities are still there. Being able to undertake and complete an uninterrupted two-year classroom program is unlikely for such families. The devolved JTPA funds will help, but they were woefully inadequate before and, even though they could and should be added to as we advocate below, will probably remain so at best. Added welfare-to-work funds can carry more of the single-parent training burden and allow more of the JTPA funds—whatever they are called in the future—to be dedicated to training the primary earner of the dual-parent family. There is also no legitimate reason that a state should not supplement that federal funding by providing tuition-free instruction at its own postsecondary institutions for all of those eligible, as well as supporting apprenticeship and on-the-job training by participating employers.

Subsistence benefits are the more difficult issue. As noted earlier, the House bill "encourages" a "work first" approach, allowing training beyond "core services" only if eligible individuals "are unable, through core services, to obtain initial employment or employment that will lead to self-sufficiency." The critical issue will be the definition of "self-sufficiency." Bringing a family's income to the current poverty guideline may offer subsistence but hardly self-sufficiency. "Work first" is consistent with escape from poverty only if the "work" is conceived as a work experience component of a concerted employability development sequence. However, the primary earner in a two-parent family is rarely lacking in work experience. It is a higher skill content to qualify for better paid jobs that is needed.

If training for higher wage positions can be defined as preferable to initial poverty-level employment, the sticking point becomes subsistence during the training process for those not eligible for welfare assistance. Some of the displaced may be eligible for Trade Adjustment Act benefits or other foreign trade protection, such as that under NAFTA. The combination of literacy development, achieving a GED or other secondary level certification and culminating with a certificate or diploma confirming preparation for a substantial working career cannot be accomplished in any short time period. Congress would be well advised to add to workforce development legislation a system of performance bonuses which would provide subsistence contingent upon commendable performance. Lacking that, the preferred approach may be to intersperse classroom training with on-the-job training or a series of work experiences moving upward as more skill is acquired. That would often be preferable pedagogically at any rate. Classrooms and laboratories serve well for concentration on either facts or skills but always suffer from a sense of artificiality. Sooner or later the abstract learning must be applied and tested in a realistic on-the-job setting. With someone at home to care for the children, a rigorous combination of full-time training accompanied by part-time employment, or vice versa becomes viable. Part-time employment of the primary caregiver while the trainee cares for the children during off hours is also possible, though the potential wage of that usually female parent is likely to be less.

Apprenticeship is another alternative combining on-the-job training, related instruction and earnings. Until now, apprenticeship has been largely dependent upon either large, stable employers who could guarantee employment for the requisite number of years and experience at all aspects of a craft, or upon unionized employment with the union available to circulate the apprentice among smaller employers, both for continuity and range of experience. Where unions are not available to fill that essential role, either educational institutions or public workforce agencies must step into the gap as sponsors and coordinators and overseers of apprenticeship. Expansion of incumbent worker training under existing workforce development legislation is also needed to provide upgrading opportunities for those employed but earning below their potential.

Back to our case manager. In the majority of U.S. job markets at present, the demand for labor is high and employers have strong economic reasons to cooperate with workforce development activities. Now is the opportune time to concentrate on the development of such institutional relationships for the long term, but that is not the case manager's task. Once client and case manager agree upon a training occupation, an initial classroom sequence might be undertaken combining introduction to the hands-on skills combined with related academic instruction. If the state assumes the training costs itself or relies on JTPA or other federal funds, a Pell Grant obtained for the client can currently be used for subsistence purposes as well as education and training expenses. In that regard, the provision in the House and Senate bills forbidding simultaneous enrollment in JTPA and receipt of Pell Grants is seriously misguided. There is no less reason for such support of advancement through skill training than through academic learning.

With employers hungry for skilled workers, the classroom sequence might meld into on-the-job training with a cooperating employer receiving a subsidy of one-half the wage for, say, three to six months. Then, perhaps, another classroom sequence followed by another OJT period, or, if the trainee's skills have become sufficient to be worth it, the next period may be an internship fully paid by the employer. The Clinton administration backed away from its 1992 campaign advocacy of a training tax which employers could escape by providing equivalent training. However, state and local governments should be better positioned to win cooperation from their employers, especially during the current tight labor market environment. If that employer participation can be won under these more favorable circumstances, perhaps it can be maintained through familiarity when conditions are less benign.

Each OJT sequence or internship should involve mentorship by fellow employees who can help with personal conduct and with social adaptation to the workplace as well as job performance. Part-time employment also may be used for income supplementation during classroom periods, preferably but not necessarily in a training related occupation. The final certification may be an associate's degree or lesser completion certificate, but equally important will be the OJT/internship employer's recommendation—and often those will have changed into a permanent job offer from the training employer. An expanded set of apprenticeship programs could be an important contributor to these objectives, serving both youth and adults.

None of this is totally new . Some of it has been going on sub rosa in individual circumstances all along, but running programs "by the book" has kept it from becoming the norm. JTPA administrators have sent JTPA trainees to schools to be entered in the school's ongoing programs. JOBS often paid for remedial basic education and GED's for AFDC recipients but relied upon the scarce JTPA slots for skill training. School financial aid offices administered Pell grants, but JTPA trainees did not normally go through those offices. The classroom and the on-the-job training components of JTPA were administered at the local level by different agencies with no significant cooperation between them. OJT wage reimbursement was used to "buy" a job without usually being overly concerned whether and how much training occurred. Postsecondary vocational and technical schools and community colleges have long maintained internship relationships with cooperating employers, but have treated JTPA and employers as separate customers without mixing them. Placing JTPA graduates has generally been the responsibility of the JTPA administrators rather than of the schools which trained them. Now it becomes the case manager's task to bring all of these forces and actors to bear on the trainee's employment future. Preparing case managers with the knowledge and skills to fulfill that demanding assignment will itself be an imposing challenge.

For over 20 years, most American workers have had to run faster and faster in order to stand still in terms of living standards. There is no reason to think that trend has subsided. Our 36 years of workforce development experience should have taught us something about how to enable those needing a second chance to keep up the pace. Most employers await eagerly the products of well-structured skill training. However, they have never done all they could to facilitate that process. The challenge will be for each state to apply its long experience to continually changing circumstances and involve its employers in that part which only they can do—on-the-job training and real world work experience with an accompanying earnings and benefits stream.

Chapter Seven

The Vision

"Where there is no vision, the people perish: but he that keepeth the law, happy is he." (Proverbs 29:18) The biblical author should have added, "Where there is vision, the people flourish." A clear but comprehensive vision for state workforce development programs has been missing in all recent reform efforts. The major elements of our vision are fairly straightforward.

The Formula

The essential formula is for each state to:

1 Assure that its first chance education system is as sound as possible and serves the educational needs of students from all walks of life.

2 Tailor an out-of-school, out-of-work youth program to fit local circumstances guided by the principles set forth in *A Generation of Challenge*.

3 Add substantive state funds to devolved federal training funds, assuring that neither tuition costs nor a shortage of education and training slots will ever stand in the way of a needed second chance at employability development. A state match to expanded federal training funds could be required with such foregone tuition counted toward that match. Allow disadvantaged youth and

disadvantaged and dislocated adult workers access to training supported by Carl Perkins funds as well as by what have been JTPA funds.

4 Provide at one-stop career centers the availability of knowledgeable and perceptive case management from compassionate and able people who know the passwords to the available resources and the realities of the job market and have the support of the employers who drive that market. These case managers must be effective labor market intermediaries, not just psychological counselors or bureaucratic paper shufflers.

5 Enlist the cooperation and support of private and public employers in providing meaningful on-the-job training in response to wage subsidies, apprenticeship training accompanied by publicly supported related instruction, and unsubsidized internships, allowing these to be interspersed with periods of classroom training, and offering mentoring from supervisors and more experienced employees until the formerly disadvantaged new employee is thoroughly integrated into the workplace.

6 Be provided with additional federal funds to elicit employer support for this intensified on-the-job training initiative, including apprenticeship, allocating current JTPA funding for classroom skill training activities which will be interspersed with it.

7 Bring adult remedial education funds under the authority of state workforce development entities to assure the integration of such education into the employability development process and greater accountability for the performance of such programs.

8 Identify in consultations between jobseekers and case managers those occupations for which preparation is attainable in no more than two years, yet pay is adequate for initial placement at 133 percent of the poverty line with advancement to 185 percent to 200 percent of poverty over reasonable periods of time. Where such earnings levels are impractical under local labor market

conditions, establish and pursue maximal income targets consistent with prevailing earnings circumstances.

9 Put together for each individual able and willing to make the required effort for a second chance at a family-sustaining income a package of remedial education, classroom and on-the-job training, work experience and subsistence payments capable of achieving that long-sought goal.

10 Continue case management, counseling and placement services as long as desired by the recipient until those long-term objectives are achieved.

11 Use public assistance stipends to support single parent families while the family head undertakes full-time classroom training, interspersing that with paid work experience and on-the-job training to extend the time period of available income support as well as gaining needed skills. Seek federal funding for a system of performance bonuses to help support families of trainees ineligible for public assistance while engaged in full-time classroom training which can also be interspersed with on-the-job training and periods of paid employment, both for work experience and family subsistence. Clarify and maintain the availability of Pell Grants for employability development efforts on behalf of those otherwise eligible.

12 Consistent with a self-reliance objective, provide subsidized public or private earnings opportunities at the poverty threshold for those not capable of being prepared for unsubsidized employment while relying on the 20 percent exemption under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Supplemental Security Income and state general assistance provisions for the few who cannot be employed even under those conditions.[65] The overriding goal should be to maximize employment opportunities for all of those able to work.

Legislative Changes

To bring this vision to reality, the Senate and House conference committee in early 1998 will have to reach important compromises on their 1997 workforce development legislation. Both bills have their strengths and weaknesses. The Senate bill lacks the vision of stated findings and purposes while those specified by the House have too much concern for program consolidation and too little for long-term enrollee outcomes. Appendix II contains the visionary findings and purposes language we recommend. The Senate bill has the provisions needed to allow the state to adapt each trainee's program to the individual's and the job market's realities. The House bill is more constructive in specifying a meaningful planning process and an adequate evaluation of outcomes. Both appropriately rely heavily on the emerging one-stop career centers which offer a locale for the case management advocated herein.

All existing restrictions in both bills should be reconsidered to assure that they serve essential purposes and do not block desirable local flexibility. For instance, no useful purpose is served in saying that those engaged in skill training are not simultaneously eligible for Pell Grants. Nor should any obstacle be imposed to packaging their various funding sources such as average daily attendance education funding, juvenile justice funding and free tuition to public postsecondary training institutions along with any federal source relevant to workforce investment, whatever the age and socioeconomic status of the recipient. Adult education and postsecondary vocational education monies should be integrated with the federal workforce development monies and overseen by the state and local Human Resource Investment Boards and Councils. Current federal JTPA IIA funding should be devoted to classroom training with states adding the guarantee that no one should be denied training for lack of personal funds nor the unavailability of federal funding. Performance bonuses should become an authorized use of classroom training funds. An amount equal to the current II-A funding should be authorized and appropriated to underwrite on-the-job training and apprenticeship which should be aggressively pursued and integrated with adult education and classroom skill training. The language of the act emerging from conference should be consistent in every way with the above vision.

Though foregoing detailed federal regulation and supervision of program design and administration, states and localities should be required by that legislation to:

- Develop state and local plans analyzing existing labor market developments and problems of residents, including unemployment, dislocation, underemployment and inadequate individual and family earnings. Incorporate in those plans the occupational employment outlook, the emerging skill requirements of jobs and the implications for workforce development programs. With federally- provided technical assistance, improve state and local labor market information systems, including both household and establishment surveys and analysis of administrative data, and eventually develop the data base to produce estimates of labor market hardship.

- Analyze recent occupational employment developments and make realistic short, medium and longer-term projections of the occupational employment outlook in the state and selected substate areas by pay scale and skill preparation requirements, assisted by federal technical assistance to assure the quality of the effort.

- Formulate their own specified wage and earnings as well as employment targets designed jointly with their employer communities. Such standards should be consistent with national wage and earnings performance standards, though adapted to state and local labor market conditions. States should be required to specifically document their reasons for choosing earnings targets below the 133 percent placement target and the 185 percent and 200 percent longer range targets advocated here. However, at a minimum, those state outcome targets should be required to include an initial placement wage at least sufficient to exceed the poverty threshold for the state's average size family based on full-time, full-year employment of a single earner, should identify and designate as an ultimate goal for each enrollee a family-sustaining wage attainable by a single earner under prevailing local conditions, and should guarantee to continue case-managed, individualized guidance and service until that ultimate program target is attained.

- Employ and train case managers capable of performing the crucial intermediary role of guiding applicants in choosing appropriate occupations, establishing their own employment and earnings targets, identifying needed services and appropriate service deliverers, and negotiating a long-term track combining, where necessary, classroom and on-the-job training and work experience until those family earnings targets are attained.
- Demonstrate diligent effort and reasonable progress toward accomplishment of those objectives, maintaining follow-up contact and support with each enrollee until the earnings targets are achieved for each individual.
- Install and maintain a common management information system to be prescribed by the U.S. Department of Labor. That MIS system should require reporting of the characteristics of those served, the types of services received, the short-term employment and earnings outcomes and long-term tracking of employment and earnings for no less than three years following termination. Maintain an outcomes evaluation system capable of following a sufficient sample of enrollees over a long enough period of time to assure that those long-term goals are being accomplished.

The pending legislation should specify that, in return for the block-granted federal funds, the states must meet these planning, evaluation and reporting requirements and that U.S. Department of Labor must oversee, provide technical assistance to and assure compliance with these requirements. As long as these requirements are met, the states should be free to analyze their own problems, set their own targets and design their own delivery systems. Meaningful devolution will require a widespread commitment to a common vision for the workforce development system, a common set of employment and wage outcomes, trust of the states' intentions, the provision of federal technical assistance, where necessary, to add to their competence, and constraints upon those state efforts only in response to demonstrated mal-intent or poor performance in achieving core outcomes for participants.

Drawing upon 36 years of experience, it is possible for the long-promised remake of workforce development programs to meet that challenge. It will not be done easily or cheaply. The year 1998 offers the unique combination of economic and budgetary circumstances to make it all possible, if only the political will can be found. But if the federal government does not rise to the challenge, every state already has the authority to make every change advocated in policy and practice.

Appendix I

Table A-1
Growing Occupations Accessible to Workers with No More Than Two Years Postsecondary Education and Paying Wages Consistent With the First and Second Quartiles of the Annual Earnings Distribution for All U.S. Workers

Occupation	Projected Openings 1994–2005	Median Wage ($ Hourly)
Registered nurses	740,000	18.44
Respiratory therapists	37,000	15.33
Photographers	57,000	9.31
Camera operators	5,000	10.58
Radio/TV announcers	21,000	7.98
Cardiology technologists	6,000	16.15
Dental hygienists	74,000	20.36
Licensed practical nurses	347,000	12.00
Medical records technicians	59,000	9.39
Nuclear medicine technicians	5,000	18.01
Radiologic technicians	82,000	14.79
Veterinary technicians	8,000	9.06
Health paraprofessionals	179,000	12.95
Engineering technicians	207,000	15.76
Drafters	70,000	14.65
Science and math technicians	79,000	14.93
Air traffic controllers	6,000	21.24
Broadcast technicians	9,000	13.91

Occupation	Projected Openings 1994–2005	Median Wage ($ Hourly)
Legal assistants	103,000	14.26
Technicians, other	37,000	15.43
Programmers, process control	2,000	17.88
Real estate agents	113,000	12.49
Financial services sales	126,000	22.65
Sales, other	2,000	9.92
Insurance claims processors	92,000	11.26
Postal mail carriers	85,000	13.89
Postal service clerks	41,000	13.95
Production expediters	56,000	12.30
Advertising clerks	5,000	9.42
Correspondence clerks	6,000	10.29
Order clerks	95,000	9.88
Personnel clerks	27,000	11.04
Clerical supervisors	613,000	13.58
Court clerks	12,000	10.59
Credit authorizers	5,000	9.58
Customer service representatives	81,000	12.47
Municipal clerks	2,000	9.95
Duplicating machine operators	99,000	8.71
Administrative support workers	69,000	10.21
Flight attendants	49,000	16.94
Firefighters	169,000	13.76
Law enforcement officers	10,000	16.69
Timber fallers and buckers	4,000	10.90
Bricklayers and stonemasons	43,000	16.32
Carpenters	290,000	13.03
Ceiling tile installers	3,000	14.24
Drywall installers/finishers	50,000	13.73
Electricians	152,000	15.99
Glaziers	9,000	12.02
Tile setters	7,000	15.44

Occupation	Projected Openings 1994–2005	Median Wage ($ Hourly)
Insulation workers	34,000	11.86
Painters and paperhangers	174,000	11.15
Paving equipment operators	37,000	11.01
Plasterers	33,000	13.27
Plumbers and Pipefitters	15,000	15.32
Structural metal workers	3,000	14.47
Oil and gas extraction workers	12,000	13.71
Mining/quarrying/tunneling	3,000	14.83
Other extraction workers	43,000	12.22
PBX installers/repairers	17,000	18.82
Radio mechanics	2,000	13.96
Other communication equip. installers	6,000	19.57
Data processing equipment repairers	49,000	13.13
Power line installers/repairers	37,000	18.36
Home entertainment equipment repairers	9,000	11.19
Electronic repairers, industrial	20,000	18.36
Station installers, telephone	7,000	18.59
Telephone/TV cable installers	43,000	15.03
Other electrical equipment installers	10,000	18.20
Industrial machinery mechanics	173,000	14.07
Utility maintenance/repair	508,000	18.36
Millwrights	20,000	16.53
Aircraft engine specialists	8,000	14.29
Aircraft mechanics	40,000	17.31
Auto body repairers	92,000	12.51
Auto mechanics	347,000	12.35
Diesel engine specialists	100,000	13.27
Farm equipment mechanics	17,000	10.23
Heavy equipment mechanics	37,000	13.50
Motorcycle/boat mechanics	14,000	10.84
Motorcycle repairers	4,000	10.84
Small engine specialists	11,000	9.96

Occupation	Projected Openings 1994–2005	Median Wage ($ Hourly)
Camera equipment repairers	14,000	12.38
Vending machine repairers	4,000	10.47
Meter installers/repairers	3,000	17.96
Electro/biomedical equipment repairers	4,000	15.03
Elevator installers/repairers	10,000	21.52
Heat/air cond./refrigeration mechanics	125,000	13.08
Home appliance repairers	19,000	11.15
Locksmiths	7,000	11.17
Musical equipment repairers	4,000	10.44
Office machine repairers	29,000	11.39
Precision instrument repairers	10,000	13.60
Riggers	2,000	14.04
Watchmakers	2,000	12.45
Other mechanics/repairers	116,000	12.44
Aircraft assemblers	4,000	16.60
Fitters, structural metal	3,000	14.47
Precision machine assemblers	18,000	13.60
Other precision assemblers	18,000	14.38
Inspectors/testers/graders	138,000	12.12
Boilermakers	4,000	17.57
Machinists	79,000	12.68
Sheet metal workers	45,000	12.36
Shipfitters	2,000	13.13
Tool and die makers	34,000	17.00
Other precision metal workers	18,000	14.38
Printing workers, precision	53,000	10.79
Chemical plant operators	8,000	17.20
Electric power plant operators	10,000	19.00
Petroleum plant operators	7,000	20.21
Stationary engineers	7,000	16.66
Waste treatment plant operators	30,000	13.39
Other plant operators	25,000	9.94

Occupation	Projected Openings 1994–2005	Median Wage ($ Hourly)
Machine tool setters	38,000	10.97
Welding machine operators	28,000	10.87
Furnace operators	4,000	11.49
Bindery machine operators	18,000	11.43
Photoengraving/lithographers	1,000	12.48
Typesetting/composition operators	4,000	9.73
Printing press operators	62,000	10.92
Screen printing operators	10,000	10.79
Boiler operators	4,000	13.26
Other printing/binding operators	13,000	10.79
Chemical equipment controllers	28,000	15.78
Dairy processing operators	5,000	10.60
Separating/still machine operators	8,000	15.00
Welders and cutters	88,000	10.87
Truck drivers	823,000	12.69
Rail transportation workers	15,000	13.39
Water transport workers	10,000	10.29
Material moving equipment operators	298,000	10.74

Sources: Occupations and projections from U.S. Department of Labor, Bureau of Labor Statistics, *Employment Outlook: 1994-2005, Job Quality and Other Aspects of Projected Employment Growth*, Bulletin 2472; median wages from Bureau of Labor Statistics, Occupational Employment Statistics, *1996 National Occupational Employment and Wage Data*, BLS Home Page, URL: http://stats.bls.gov/oes/national/oes_man.htm, December 16, 1997. Note that the two sources are not entirely compatible. The OES median wages are not always consistent with the Employment Outlook's first and second quartile earnings specification. The OES lists far more occupations than these offering hourly earnings capable of meeting our family-sustaining earnings specifications, but the OES does not specify education, training and work experience requirements for them. This table is designed for illustration only. The relevant reference for case management should be comparable state and local projections and wage data by education, training and work experience requirement.

Appendix II

The Mission of the Fourth Chance Legislation

Neither the House nor the Senate bill contains an adequate statement of purpose. The House language is limited largely to the benefits of consolidation. The Senate Workforce Investment Partnership Act contains only a one-sentence statement about the purposes of the overall bill and provides only a section on findings and purposes for the first two titles of the bill. There are no findings and purposes section for Title 3. We propose the following language to state the reasons why the proposed legislation is needed and what its purposes are to be:

A Bill

To provide career assessment, education, job training and labor exchange services to youth and adults in order to improve the employability, productivity, wages and earnings of current and future American workers. To consolidate existing federal employment and training programs and better coordinate the delivery of education services to youth and adults through integrated state and local workforce development systems. To strengthen the performance of employment and training systems in improving the employment, wages and annual earnings of U.S. workers and the economic well-being of their families.

Section 2. Findings and Purposes

(a) *Findings.* The Congress finds that:

(i) The future economic growth of the nation, the economic development of individual states, and the economic prosperity of the population depend on the educational attainment, literacy proficiencies, technical skills and training backgrounds of its workers.

(ii) Increased international and domestic competition, technological changes in the workplace, and structural changes in the composition of employment present new challenges to both private business and public policymakers in developing and maintaining a skilled and productive workforce with the ability to learn new skills and adapt to changes in the workplace.

(iii) Workers who have strong literacy proficiencies, who have completed some post-secondary schooling, and who have received training that is being applied in their current work settings are more employable, more productive and receive higher wages and earnings that enable them and their families to enjoy the economic fruits of the New American Economy.

(iv) The planning, design and delivery of education, employment, training and labor exchange services is best conducted at the state and local levels where intended recipients of these services reside and seek work. The planning and delivery of human resource services should be closely tied to local labor market developments and be subject to the oversight of state and local workforce development councils, containing representatives from the business, labor, and education communities.

(v) The effectiveness of these employment and training programs would be improved through consolidation of existing federal programs and stronger linkages among education and training programs, the private sector and state and local economic development agencies.

(vi) The future performance of all education and training programs must be more closely monitored and evaluated at the local, state and national level, with clearly defined performance measures and standards.

(vii) The ultimate success of these employment and training programs will be dependent on their ability to improve the employability, wages and long-term earnings of program participants and to increase the ability of the nation's businesses to recruit and retain a highly qualified and skilled workforce.

(b) *Purposes.* The purposes of this act are:

(1) To strengthen the ability of high school students to successfully transition into post-secondary education and training programs, apprenticeship training programs, and into unsubsidized jobs in the labor market in the early years following high school graduation.

(2) To enable more out-of-school youth to obtain a high school diploma or its equivalent, to bolster their literary proficiencies, and to obtain access to job training and other services that will enable them to obtain and retain unsubsidized employment, improve their wages and earnings, and gain access to more highly skilled occupations.

(3) To enable unemployed, underemployed and economically disadvantaged adults to obtain employment and training services that will strengthen their labor force attachment, improve their employment prospects, reduce their reliance on cash public assistance programs, and raise their annual earnings to a family-sustaining level.

(4) To facilitate and speed up the re-employment of workers who have been dislocated from their former jobs, to strengthen their attachment to the labor market, and to minimize short and long-term wage losses resulting from their dislocations.

(5) To increase the efficiency with which local labor markets operate through the formation and operation of one-stop career centers, thereby matching the available supply and demand for labor more efficiently.

(6) To strengthen private firms' and government agencies' abilities to recruit and retain a more qualified and skilled labor force, thereby reducing unfilled job vacancies and labor turnover and improving labor productivity.

Notes

1. Robert I. Lerman, "Meritocracy without Rising Inequality? Wage Rate Differences Are Widening by Education and Narrowing by Gender and Race," in *Economic Restructuring and the Job Market, A Series on Labor Trends and Their Policy Implications* (Washington D.C.: The Urban Institute, September 1997), pp. 1–4.

2. Robert Taggart, "A Review of CETA Training," in Sar Levitan and Garth Mangum, *The T in CETA* (Kalamazoo, Michigan: The W. E. Upjohn Institute for Employment Research, 1981), 103, 111.

3. James J. Kemple, Fred Doolittle and John W. Wallace, *The National JTPA Study: Site Characteristics and Participation Patterns* (New York: Manpower Demonstration Research Corporation, March 1993), Executive Summary, p. 14.

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5. *Evaluation of the Economic Impact of the Job Corps Program:Third Followup Report*, Mathematica Policy Research, Inc., September 1982.

6. United States General Accounting Office, *Job Corps: High Costs and Mixed Results Raise Questions About Job Corps Effectiveness*, Report to the Chairman, Committee on Labor and Human Resources, U.S. Senate, GAO/HEHS-95-180, pp. 2, 8.

7. *Ibid.*, pp. 10–16.

8. Those enrolled in a previous program year and carried over into the present one are counted in the enrollment for the current program year but the dollars spent on them during the previous program year are not. Hence the costs per participant are underestimated to that extent. On the other hand, many terminees are listed by the states as having received "objective assessment only," 26 percent of those terminating in

program year 1994, for instance. They are counted as participants and therefore help keep the cost per participant down. But even though the moneys spent on them is counted in program expenditures, they are not followed up to find out whether or not they obtained employment thereafter. Since substantial numbers of them eventually would, the expenditures are enlarged but the number entering employment is undercounted resulting in some unknown exaggeration in the cost per adult entering employment.

9. Robert Taggart, "A Review of CETA Training," in Sar Levitan and Garth Mangum, *The T in CETA* (Kalamazoo, Michigan: The W.E. Upjohn Institute for Employment Research, 1981), pp. 103, 111.

10. Howard S. Bloom, Larry L. Orr, George Cave, Stephen H. Bell and Fred Doolittle, *The National JTPA Study: Title II-A Impacts on Earnings and Employment at 18 Months* (Bethesda, Md.: Abt Associates Inc., 1993).

11. Gary Walker, "Out of School and Unemployed: Principles for More Effective Policies and Programs," in Andrew Sum, et.al., *A Generation of Challenge: Pathways to Success for Urban Youth* (Baltimore: Sar Levitan Center for Social Policy Studies, Johns Hopkins University, 1997) p. 76.

12. James J. Heckman, "What Should Be Our Human Capital Investment Policy?" in Garth Mangum and Stephen Mangum (eds.), *Of Heart and Mind: Social Policy Essays in Honor of Sar A. Levitan*, Kalamazoo, Michigan, W. E. Upjohn Institute for Employment Research, 1996, p. 326.

13. Robert J. LaLonde, "The Promise of Public Sector-Sponsored Training Programs," *Journal of Economic Perspectives*, Vol. 9, No.2 Spring 1995, p. 156.

14. *See*: (i) Andrew Sum, Neal Fogg, and Robert Taggart, *From Dreams to Dust: The Changing Economic Fortunes of America's Young Adults*, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, Baltimore, 1996; (ii) U.S. Bureau of Labor Statistics, "Work & Family: Changes in Wages and Benefits Among Young Adults," Report 849, Washington, D.C., July 1993; (iii) John Bound and George Johnson, "What Are the Causes of Rising Wage Inequality in the United States?", *Economic Policy Review*, Federal Reserve Bank of New York, January 1995, pp. 9-17.

15. Andrew M. Sum, Neeta Fogg, and Neal Fogg, *Out-of-School, Out of Luck? Demographic and Structural Change and the Labor Market Prospects of At-Risk Youth*, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, Baltimore, May 1997.

16. *Ibid*, p. 6.

17. *See*: (i) Lisa Lynch, "Payoffs to Alternative Training Strategies at Work," in *Working Under Different Rules* (Editor: Richard B. Freeman), Russell Sage Foundation, New York, 1996; pp. 63-95; (ii) Stephen F. Hamilton, "Work and Maturity: Occupational Socialization of Non-College Youth in the United States and West Germany," *Research in the Sociology of Education and Socialization*, (1987), pp. 287-312; (iii) Robert Lerman and Hilliary Pouncy, "The Case for Youth Apprenticeships," *The Public Interest*, Fall 1990.

18. *See*: Jonathan R. Veum, "Training Among Young Adults: Who, What Kind, and for How Long?," *Monthly Labor Review*, August 1993, pp. 27–32.

19. Veum estimates that only 1.0% of school dropouts and 1.7% of high school graduates with no post-secondary schooling received any apprenticeship training over the 1986–91 period. Some of these adults may have received such training at an earlier age.

20. For a more comprehensive review of the labor market experiences and problems of older workers, *see*: Andrew M. Sum and Neal Fogg, "Labor Market Turbulence and the Older Worker," in *Turbulence in the American Workplace*, (Editor: Peter B. Doeringer), Oxford University Press, New York, 1991.

21. Chinhui, John, "Decline of Male Labor Market Participation: The Role of Declining Market Opportunities," *The Quarterly Journal of Economics*, February 1992.

22. *See*: Howard N. Fullerton, Jr., "The 2005 Labor Force: Growing, But Slowly," *Monthly Labor Review*, November 1995, pp. 29–44.

23. The unpublished findings for projected male participation rates by age and race-ethnic group for the years 1995 to 2005 were made available to the authors by Howard Fullerton.

24. For example, if all those males 45–54 expressing a desire for immediate employment were brought into the labor force in 1995, their re-entry would have raised the participation rate of this age group by 1.3 to 1.4 percent, raising the number of 45–54 year old males in the civilian labor force by just under 200,000.

25. The data on the annual sources of the money incomes of men during calendar year 1995 were derived from the March 1996 Current Population Survey, tabulations by Center for Labor Market Studies,

Northeastern University.

26. These estimates are based on all workers (20+) who were displaced from their former jobs from 1991 to 1995 regardless of their length of tenure with their former employer. *See*: (i) U.S. Department of Labor, Bureau of Labor Statistics, *Worker Displacement During the Early 1990's*, Washington, D.C., September 14, 1994; (ii) U.S. Department of Labor, Bureau of Labor Statistics, *Worker Displacement During the Mid-1990's*, Washington, D.C.., October 25, 1996.

27. The estimated number of unemployed persons (20+) (seasonally unadjusted) at the time of the February 1994 CPS survey was 7.971 million. Findings of the dislocated worker survey for that same month revealed an estimated 1.860 million unemployed dislocated workers regardless of prior tenure. Thus, 23% of all unemployed workers (20+) in February 1994 would have been persons who were dislocated from their jobs at some time between January 1991 and the time of the survey.

28. For a more detailed analysis of the re-employment and replacement wage experiences of older dislocated workers in the U.S., *see*: Andrew M. Sum and Neal Fogg, "Labor Market Turbulence and the Older Worker..."

29. These estimates of the fraction of the re-employed experiencing wage declines of 20 percent or more are conservative since they exclude part-time workers and fail to adjust for inflation. *See*: (i) Jennifer M. Gardner, "Recession Swells Count of Displaced Workers," *Monthly Labor Review*, June 1993, pp. 14-23; (ii) U.S. Department of Labor, Bureau of Labor Statistics, *Worker Displacement During the Early 1990's*...; (iii) U.S. Department of Labor, Bureau of Labor Statistics, *Worker Displacement During the Mid-1990's*.

30. These estimates of wage declines are based on all workers who found wage and salary jobs on re-employment, including part-time workers.

31. The National Research Council has recently completed a comprehensive study on the economic, social and fiscal consequences of immigration in the U.S. *See*: James P. Smith and Barry Edmonston (Editors), *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, Washington, D.C., 1997, forthcoming.

32. *See*: (i) Andrew M Sum, Neeta Fogg, and Neal Fogg, *Out-of School: Out of Luck?*..., pp. 12-19; (ii) George Borjas, *Friends or Strangers: The Impact of Immigration on the U.S. Economy*, New York Basic Books, 1990.

33. For a recent review of the research evidence on the wage effects of foreign immigration into the U.S., *see*: (i) George J. Borjas, "The New Economics of Immigration," *The Atlantic Monthly*, November 1996, pp. 72-80; (ii) George J. Borjas, "The Internationalization of the U.S. Labor Market and the Wage Structure," *Economic Policy Review*, Federal Reserve Bank of New York, January 1995, pp. 3-8; (iii) David A. Jaeger, *Skill Differences and the Effect of Immigration on the Wages of Natives*, U.S. Department of Labor, U.S. Bureau of Labor Statistics, Washington, D.C., March 1996.

34. *See*: Andrew Sum, *Literacy in the Labor Force*, Report Prepared for the National Center on Educational Statistics, U.S. Department of Education, Washington, D.C., 1996.

35. These estimates are based on the 1993 National Adult Literacy Survey in a working paper by Neal Fogg and Andrew Sum of the Center for Labor Market Studies of Northeastern University.

36. *See*: Vernon M. Briggs, Jr., *Immigration Policy: A Tool of Labor Economics?*, The Jerome Levy Economics Institute of Bard College, Annandale-on-Hudson, New York, 1993.

37. For a summary of many of the key findings of the experimental design evaluations of welfare to work programs, *see*: (i) Judith M. Gueron and Edward Pauly, *From Welfare to Work*, Russell Sage Foundation, New York, 1991; (ii) Daniel Friedlander and Gary Burtless, *Five Years After: The Long-Term Effects of Welfare to Work Programs*, Russell Sage Foundation, New York, 1995.

38. *See*: (i) Manpower Demonstration Research Corporation, *Welfare Reform: Lessons from MDRC's Research*, New York, September 1996; (ii) Dan Bloom, *After AFDC: Welfare-to-Work Choices and Challenges for States*, Manpower Demonstration Research Corporation, New York, 1997.

39. *See*: (i) Graham, J. and A. Beller, "The Effects of Child Support Payments on the Labor Supply of Female Family Heads," *Journal of Human Resources*, Vol. 24, pp. 665–688; (ii) Neeta P. Fogg, *An Economic Analysis of the Determinants and the Labor Market Consequences of Teenage Childbearing in the United States: 1979-1991*, Ph.D. Dissertation, Department of Economics, Northeastern University, Boston, 1997.

40. LaDonna Pavetti, *Learning from the Voices of Mothers: Single Mothers' Perceptions of the Tradeoffs Between Welfare and Work*, Manpower Demonstration Research Corporation, New York, 1993.

41. For a review of the key features and early employment and earnings impacts of the Canadian Self-Sufficiency Project, *see*: Social Research and Demonstration Corporation, *When Work Pays Better than Welfare; A Summary of the Self Sufficiency Project's Implementation, Focus Group, and Initial 18 Month Impact Reports*, Ottawa, Ontario, 1996.

42. Approximately one million of the more than five million SSI disability recipients in early 1997 were children under the age of 18.

43. The CPS household survey collects hourly or weekly wage data from one-fourth of the sample of employed respondents each month. The wage data pertain only to wage and salary workers. Our analysis is confined only to those persons employed full-time; i.e., those working 35 or more hours per week during the reference week of the survey.

44. *See*: U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, March 1997, Tables B-1 and B-12.

45. For examples of the use of such wage inequality measures, *see*: (i) Richard B. Freeman and Lawrence F. Katz, "Rising Wage Inequality: The United States Versus Other Advanced Countries,".. (ii) Francine Blau and Lawrence M. Kahn, *op.cit.*; (iii) Andrew Sum, Neeta Fogg, Neal Fogg, and Paul E. Harrington, *The State of the American Dream in New England.*

46. Using a different measure of hourly earnings derived from the March CPS work experience surveys, Robert Lerman has argued that the degree of wage inequality for all workers seems to have peaked in the early 1980s. See: Robert I. Lerman, *Is Earnings Inequality Really Increasing?* The Urban Institute, Washington, D.C.,. March 1997.

47. This finding has to be viewed as somewhat tentative, given the fact that the wage inequality measures for 1996 are based only on two months of observations, February and March. The U.S. Census Bureau has not yet released CPS public use tapes for any month beyond March 1996.

48. James Brian Quinn, *Intelligent Enterprise* (New York: Free Press, 1992), p. 49.

49. Ray Marshall and Marc Tucker, *Thinking for a Living: Education and the Wealth of Nations* (New York: Basic Books, 1992) p. 43.

50. See Lester Thurow, "Wages and the Service Sector," in Ray Marshall, editor, *Restoring Broadly Shared Prosperity: A Conference Volume* (Washington D.C.: The Economic Policy Institute and the LBJ School of Public

Affairs, University of Texas-Austin, 1997). Thurow suggests that much of service employment growth is from splitting jobs that were once full-time into part-time and externalized employment relationships.

51. The groupings within the services division are: business services; health services; social services; hotel and other lodging places; personal services; auto repair services and garages; miscellaneous repair shops; motion pictures; amusement and recreation services; legal services; educational services; museums, botanical, zoological gardens; engineering, management, and related services.

52. Within job changes in skill requirements are not captured in employment projections. Changes such as those due to the introduction of new technologies, re-engineering of work processes, or implementation of new management systems are examples. Studies of the impact of such changes on skill requirements include (i) Thomas Bailey, "Jobs of the Future and the Education They Will Require: Evidence from Occupational Forecasts," *Educational Researcher*, Vol. 20, No. 2, March 1991; (ii) Peter Cappelli, Laurie Bassi, Harry Katz, David Knoke, Paul Osterman, Michael Useem, *Change at Work* (New York: Oxford University Press 1997).

53. Projections by education and training category and by median earnings assume no change will occur in the relative earnings across occupations or in the education and training requirements of the occupation. Projections also assume that training method patterns evident in 1994 will continue over the projected period.

54. *See*: (i) Lynch, Lisa M., "Payoffs to Alternative Training Strategies at Work," in *Working Under Different Rules*, (Editor: Richard B. Freeman), Russell Sage Foundation, New York, 1994; (ii) John Bishop, "The Impact of Previous Training on Productivity and Wages" in *Training and the Private Sector: International Comparisons*, Chicago, University of Chicago Press, 1994, pp. 161–199; (iii) Stephen L. Mangum and Arvil V. Adams, "The Labor Market Impacts of Post-School Occupational Training for Young Men," *Growth and Change*, Fall 1987, pp. 58–78.

55. For a review of recent studies on this set of issues, *see*: (i) Jonathan R. Veum, "Training Among Young Adults: Who, What Kind, and For How Long," *Monthly Labor Review*, August 1993, pp. 27–32; (ii) Andrew M. Sum, Clifford Johnson, and Neal Fogg, "Young Workers, Young Families, and Child Poverty," in *Of Heart and Mind: Social Policy Essays in Honor of Sar A. Levitan*, (Editors: Garth Mangum and Stephen Mangum), W. E. Upjohn Institute for Employment Research, Kalamazoo, 1996,

pp. 63–91; (iii) U.S. Department of Labor, Bureau of Labor Statistics, *Work and Family: Changes in Wages and Benefits Among Young Adults*, Report 849, Washington, D.C., July 1993; (iv) U.S. Department of Labor, Bureau of Labor Statistics, *Work and Family, Never Too Old to Learn*, Report 856, September 1993.

56. For a review of previous research findings on the influence of worker and firm traits on probability of receiving training, *see*: (i) Lisa M. Lynch, "Race and Gender Differences in Private Sector Training for Young Workers," *Industrial and Labor Relations Research Association*, 41st Annual Proceedings, Madison, pp. 557-566; (ii) Joseph G. Altonji and James R. Spletzer, "Worker Characteristics, Job Characteristics, and the Receipt of On-the-Job Training," *Industrial and Labor Relations Review*, Vol. 45, No. 1, 1991, pp. 58–79; (iii) Jerry A. Jacobs, Marie Lukens, and Michael Useem, "Organizational, Job, and Individual Determinants of Workplace Training: Evidence from the National Organizations Survey," *Social Science Quarterly*, Vol. 77, Number 1, March 1996, pp. 159–176.

57. United States Department of Labor, Bureau of Labor Statistics, *BLS Reports on the Amount of Employer-Provided Formal Training*, Washington, D.C., July 10, 1996.

58. *See*: Andrew M. Sum, *Literacy in the Labor Force*, A Report Prepared for the National Center for Education Statistics, Washington, D.C., 1996.

59. *See*: (i) Kevin Hollenbeck, *Classrooms in the Workplace*, W.E. Upjohn Institute for Employment Research, Kalamazoo, 1993; (ii) Laurie J. Bassi, *Smart Workers, Smart Work: A Survey of Small Business on Workplace Education and Re-organization of Work*, Southport Institute for Policy Analysis, Washington, D.C., 1992.

60. Andrew M. Sum, *Literacy in the Labor Force*, pp. 142–144.

61. *See*: (I) Kevin Hollenbeck, *The Economic Payoffs to Workplace Literacy*, The W. E. Upjohn Institute for Employment Research, Kalamazoo, October 1993; (ii) Andrew M. Sum and W. Neal Fogg, "Literacy Program Participation and Its Effect on Wages and Earnings of Workers," CLMS Working Paper, Center for Labor Market Studies, Northeastern University, Boston, 1997.

62. Patricia Ruggles, *Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy* (Washington D.C.: The Urban Institute, 1990); Constance F. Citro and Robert T. Michaels (eds.) *Measuring Poverty: A New Approach* (Washington D.C.: National Academy Press, 1995; Sar Levitan, Garth Mangum and Stephen Mangum, *Programs in Aid of the Poor*

(Baltimore: John Hopkins University Press, forthcoming, 1998).

63. *See*: Kevin Hollenbeck, "School-to-Work: Promise and Effectiveness," in W. E. Upjohn Institute for Employment Research, *Employment Research*, Fall 1997.

64. Robinson G. Hollister, *The Minority Female Single Parent Demonstration: New Evidence About Effective Program Strategies* (Rockefeller Foundation, New York City, 1993), p. 12.

65. An economic rationale for a system of wage subsidies to bolster employment opportunities and wages for workers at the lower end of the skill distribution appears in Edmund S. Phelps, *Rewarding Work* (Cambridge, MA, Harvard University Press, 1997).